

Nation's Business

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JOHN A. LOVE:

THE MAN IN THE MIDDLE OF THE ENERGY CRUNCH

Page 74



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Cover photograph by Yoichi R. Okamoto

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$34.75 for three years; Canadian \$14 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1973 by *Nation's Business*—the Chamber of Commerce of the United States. All rights reserved. *Nation's Business* is available by subscription only. Postmaster: Please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006. **Editorial Headquarters**—1615 H Street N.W., Washington, D.C. 20006. **Circulation Headquarters**—1615 H Street N.W., Washington, D.C. 20006. **Advertising Headquarters**—711 Third Avenue, New York, N.Y. 10017. **Atlanta**: James M. Yandie, 62 Perimeter Center East; **Chicago**: Herbert F. Ohmeis Jr., 233 North Michigan Ave.; **Cleveland**: Gerald A. Warren, 1046 Hanna Building; **Detroit**: Robert H. Gotshall, 825 Fisher Building; **New York**: Raymond P. Murray, 711 Third Avenue; **Philadelphia**: Herman C. Sturm, 1034 Suburban Station Building; **San Francisco**: Robert Zunich, Zunich & Follansbee, 465 California Street; **Los Angeles**: Jack Follansbee, Zunich & Follansbee, 711 South Vermont Avenue.

VOLUME 61
NUMBER 10
OCTOBER 1973

PUBLISHED IN WASHINGTON, D.C., BY THE CHAMBER OF COMMERCE OF THE
UNITED STATES, THE NATIONAL FEDERATION OF ORGANIZATIONS REPRESENTING
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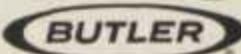


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memo from the editor

If you've been affected, as many of us have, by the energy crunch, you can take heart from that complicated-looking device pictured on our cover.

Most of us feel the energy shortage personally only when we can't get all the gasoline we want when we want it, or when there's a temporary electricity shortage. The overall problem, however, is tremendously complex.

We've been using more energy than our own resources will supply. So we've become somewhat dependent on imports. At the same time, we've tightened restrictions to clean up the air, and environmentalists have fought—and blocked—some of the alternate sources that we need.

That model on our cover is a three-dimensional display showing the various sources of our energy and the uses to which they are being put for the years from 1950 through 1985.

The model is symbolic of the challenge being faced by the man standing behind it. Former Gov. John Love of Colorado has taken on the responsibility of advising the President on the solutions to our energy problems.

Obviously, some of these are long-range (1985?). But there are also things that can and should be done now.

To tell you his plans for both the short- and long-range, our editors talked with Gov. Love (see page 74). You'll find he's no militant environmentalist, but is trying to take a practical approach.

Interestingly, the Governor's wife was an early victim of the gasoline shortage, which hit Colorado hard.

• • •

berger seems to be getting it under control. The secret may be that he was formerly director of the Office of Management and Budget, which reviews, and therefore must understand, all the Executive Departments' budgets.

With that background, and a good-sized portion of common sense, it looks as if Secretary Weinberger may be able to straighten out some of the messes his Department presides over, and in the process save a lot of your tax money.

He gives his opinions and plans in the interview beginning on page 22.

• • •

If you're not aware of the world's fair that's scheduled to be held in Spokane next year, don't feel too badly. It hasn't received very widespread publicity so far.

When we heard about the fair, we learned that there's also an exciting background story that doesn't meet the eye.

As a result of the community's all-out support of the fair, a spirit of cooperation among businessmen, area governments and just about everyone else has created a boom that's hard to believe unless you see it. I've seen it. When you go to Spokane for the fair, don't overlook all the other development that has taken place.

You can get a preview on page 40.

• • •

Another man in Washington who'll have an impact on your life is Caspar Weinberger, Secretary of Health, Education and Welfare.

Mr. Weinberger runs the federal government's biggest-spending Department—an even bigger spender than the Department of Defense. As the name implies, it's in charge not only of all the vast federal outlays in the health area, but also in the admittedly chaotic welfare program, plus educational efforts.

Most former HEW Secretaries will tell you the Department is practically unmanageable. But Mr. Wein-

berger seems to be getting it under control. The secret may be that he was formerly director of the Office of Management and Budget, which reviews, and therefore must understand, all the Executive Departments' budgets.

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• • •

Without taking sides on the making, sale or use of whiskey, we think it's interesting to note that the Jack Daniel Distillery in Lynchburg, Tenn., has been officially placed on the National Register of Historic Sites by the U.S. Department of the Interior.

Jack Daniel has occupied the site since about the year 1812. Internal Revenue says it's the oldest distillery in the country and is the only one designated as a "historic site."

Incidentally, it's the second largest federal taxpayer in the State of Tennessee.

Jack Woodridge

executive trends

BY JOHN COSTELLO
Associate Editor

A sure way to cut your accident rate

Worried about the number of accidents at your firm?

The surest cure is to get the top brass to step in.

That's what one survey of 22 smaller firms shows. Dr. Rollin H. Simonds, Michigan State University Graduate School of Business, directed the study.

"No one factor is the sole key," he says, "to fewer—or more—injuries. But top management's attitude has to rank high."

Here's what the boss did about safety at 11 firms with the lowest accident rates:

	YES	NO
Does he attend safety meetings?	8	3
Does he personally conduct any safety audit or inspection?	9	2
Does he actively participate in execution of safety plans?	10	1
Does he hold review and analysis sessions to compare results with planned safety objectives?	9	2
Are safety achievements on board meetings' agenda?	8	3

At all 22 firms studied, top management regularly received safety reports.

So what was the difference between firms with low accident rates and those with high ones?

The boss did more than get a report in his "in" box. He took visible action to promote safety.

When your business needs a doctor

There are lots of symptoms, says one expert. But too often, the entrepreneur ignores 'em.

Why? Because he's too busy, stomping out fires.

What are the telltale signs that a

company's ailing? Robert D. Bullock, president, Bullock & Co., San Francisco, Calif., consultants, cites these clues in *Bank of America's Small Business Reporter*:

- No plan—company merely reacts to events as they occur.
- Chronic shortage of working capital.
- Low employee morale.
- Unsatisfactory profit from weak sales or high costs.
- Chronic late shipments.
- Low inventory turnover.
- Lack of adequate and timely management information.
- Loss of position with major customers.
- Overburdened executives or foremen.
- Guesswork in pricing.
- Excessive scrap or rework.
- Desks piled high with backlogged paper work.

Symptoms like these suggest that the entrepreneur needs a consultant's help, the article says.

"Professional advisers can provide objectivity, experience and specialized knowledge," it adds, beyond the capacity of many small firms. But too often, it finds, the entrepreneur is too proud to ask for help.

Okay, let's dig out the ear plugs

If a rock band were a boiler factory, it could be fined for violating federal antinoise rules.

Maybe that's not news—if you have a teen-age son or daughter.

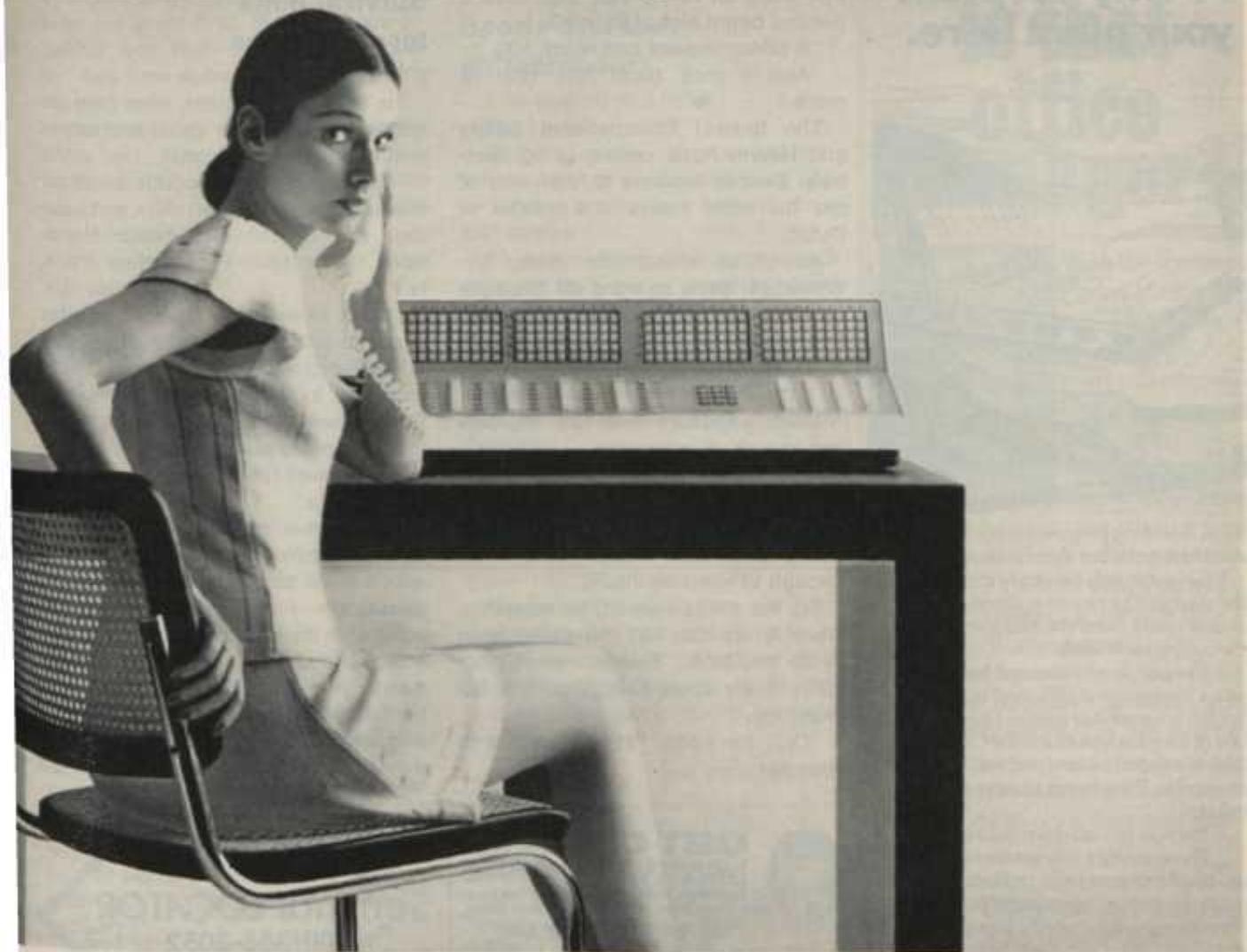
But it should have a message for you.

At least, Continental Casualty Co. thinks so.

It feels that all of us don't do enough for our ear drums.

"For instance," says Anthony Woe-

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wucki Jr., industrial hygienist for the insurance firm, "if you like to do shop work in your basement, remember that even an idling saw can have a decibel count higher than 90.

"A power mower can reach 100.

"And a rock band hits 120—or more."

The federal Occupational Safety and Health Act's ceiling is 90 decibels. Expose workers to that kind of din for eight hours and you're in Dutch.

All of us should do more, Mr. Woewucki says, to ward off the daily assaults on our eustachian tubes. The roar of traffic, the whine of jets or the rat-a-tat-tat of jackhammers are all a threat.

Much exposure over 85 decibels can impair your hearing.

"Don't stuff cotton in your ears," Mr. Woewucki advises. "It's too porous. At most, it will block only five to 10 decibels. That's usually not enough to ward off injury."

Try ear plugs instead, he suggests. Many kinds can cut the noise level by 35 decibels. "Swedish wool," actually finely spun fiberglass, has his okay, too.

"Or," he adds, "stick a finger in your ear."

"It may look silly, but it's better than winding up with a hearing aid."

Survival hints for executives

Here's a guy to watch.

He's a smooth talker, says he's always looking out for you—and wants real bad to be your buddy.

"Too often, that smoothie can't be trusted," says Herbert F. Lund, author of "Executive Survival Handbook," The Dial Press, New York, N.Y.

"Most likely, he's trying to flatter you into letting your defenses down. Given the chance, he'll pass the buck, stab you in the back and climb the ladder over your dead body."

How do you handle a fellow executive like that? Here are author Lund's suggestions:

- Don't take any of his "friendly" tips; they may be bum steers. Check with a third party any information he passes on—like how to *really* get in solid with the board chairman.
- Make a memo of any oral agreements with him. Conversations can be twisted later. Words down in black and white are harder to dispute.
- If he tries to pin his boo-boo on



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you, insist on taking it up with the boss. If you have your facts straight, chances are he'll backpedal before the bull of the woods. But don't let him get there first. See the boss together and fast—before your "buddy" has time to make up a convincing story.

Author Lund offers other helpful hints on how to escape typical traps for the unwary executive—the squeeze play, the phony promotion and odd man out.

It's a primer, he says, for managerial survival.

When's a lease not a lease?

That's easy—when it's a debt.

The only trouble, one expert says, is that you may not know the difference.

"And a debt," adds Alvin Zises, chairman, CNA Nuclear Leasing, Inc., "can mean lots more grief to an unsuspecting lessee."

Here are some ways to tell a pseudo-lease, he says, from a bona fide one.

Does it have a "hell-or-high-water" clause?

That kind of clause makes your obligation to pay rent absolute and unconditional. Under a true lease, your obligation is conditioned upon the future performance of the landlord and your "quiet enjoyment of the property."

Does it make you guarantee the landlord's obligations?

The answer's Yes, if it contains certain types of "solvency agreements."

That means, for example, that you agree to pay the landlord's indebtedness if he's unable to do so.

"Leasing a plant, instead of buying or building it," Mr. Zises says, "is often a good way for a company to increase its potential pool of capital. Or to acquire productive, cost-cutting equipment without immediately laying out lots of cash."

But beware of those pseudo-leases, he adds.

"Since they're legally debts, they may make other borrowing difficult—or more costly—for you."

"For example, two big securities rating services say they intend to

take a close look at major corporate leases to see if they're debts in disguise."

Sports and the entrepreneur

Like to hunt and fish?

Maybe ski or surf?

They're manly sports—shivering before dawn in an ice-cold duck blind or battling a trout in a rushing mountain stream.

To say nothing of schussing lickety-split on a tricky slope or streaking down a comber with tons of menacing salt water inches behind.

Sure, these sports may take derring-do. But if your son digs 'em, he's not apt to be a Henry Ford or Andrew Carnegie.

So say the authors of "The Effective Entrepreneur"—publisher: General Learning Press, Morristown, N.J. They base that belief on a study of more than 100 businessmen.

When he's a youngster, the future entrepreneur likes sports that are one-on-one. Team games or "self-betterment" diversions don't grab him. Here's a list of sports he will or won't engage in:

SPORT	HOW ENTREPRENEURIAL		
	Highly	Perhaps	Not
Baseball		•	
Basketball		•	
Bowling		•	
Fencing	•		
Fishing	•		•
Football		•	
Golf		•	
Handball	•		
Hockey		•	
Hunting	•		
Ping Pong	•		
Skating		•	
Skiing		•	
Surfing		•	
Squash		•	
Swimming		•	
Tennis	•		
Track		•	

"It's different after he's made a success. Then his interests tend to move toward things he hasn't done before," says coauthor Charles B. Swayne, board chairman and president, Entrepreneurial Assistance Group, Inc.

Mr. Swayne's boyhood sport was baseball.

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panorama of the nation's business

By VERNON LOUVIERE
Associate Editor

Computer Services on the Reservation

You can still find the traditional pottery, basketry and jewelry on the Gila River Indian Reservation, a half-hour's drive south of Phoenix, Ariz.

But you'll also find a modern computer center—owned and operated by the reservation's Pima and Maricopa Indians through the FM-4 Gila River Corp. The company got its start in 1971 via the Minority Enterprise Small Business Investment Company (MESBIC) program. More recently, it's been getting financial help from Amoco Venture Capital Co., a subsidiary of Amoco Oil Co.

In its first year of operation, FM-4 took in \$18,000. It expects to close out 1973 with \$240,000 in sales.

FM-4 sells computer services to such firms as Martin-Marietta in Denver, Western Electric in Phoenix, and



Indians carve out new careers in a computer firm they own and operate.

University Computing Co. in Chicago, and has other contracts with the federal Department of Health, Education and Welfare, the Arizona public school system and the City of Chicago.

The project was first proposed to the Gila River Tribal Council three years ago by Jack Hyer, who owned an electronics firm in Denver. He had

Exporting Jobs? No—Watches to Switzerland

If someone had suggested a few years ago that an American watch company could market a made-in-America watch in Switzerland, he would probably have been laughed out of the marketplace.

But Bulova Watch Co. is doing that with its electronic watches in a quite successful version of "carrying coals to Newcastle."

In so doing, Bulova feels, it is creating a new image for multinational corporations, which have come under considerable fire for "exporting" American jobs.

By way of proof, total U.S. employment at Bulova has increased from 1,150 in 1940, to 3,700 in 1960 and to 5,300-plus today. More than 65 per cent of this multinational corporation's employees are in the United

States, with about 80 per cent of them in manufacturing jobs.

Some 15 years ago, Bulova was faced with a critical decision. It had been the largest marketer of fine (jeweled-lever) watches in the United States for three decades, but its earnings and sales had been falling.

It would have seemed then that Bulova had the best of two worlds—the lush U.S. consumer market and the fact that the great majority of its watches were produced in Switzerland, where labor rates were a third of those here at home.

Still, the company felt a new approach was essential. Harry B. Henshaw, chairman and chief executive officer, explains:

"We decided that there was really just one world market for fine watches, not a series of national markets subdivided into retail price categories, and therefore that we had to compete in this world market across

just sold his business to "take on something more challenging."

At first, the Indians were apprehensive. They had seen more than one business venture aimed at employing reservation Indians come and go. Mr. Hyer proved his sincerity by investing \$150,000 of his own money in the project. He now is president of FM-4 and owns 41 per cent of the stock. The balance is held by the two tribes' joint tribal council.

"Confidence in the company was built, really, by word of mouth," says Mr. Hyer. "One trainee would go back to the reservation and tell his friends and the word would spread."

A stock purchase plan for workers has been greeted with enthusiasm.

"When you realize that most of these people have never owned a share of stock in their lives nor thought they ever would, you can understand why they're excited about it," Mr. Hyer says. *

the board—if we were to flourish in America or anywhere else."

Compete the company did and with notable success. It did so by developing new watch technologies—which enabled U.S.-made watches to sell successfully in overseas markets.

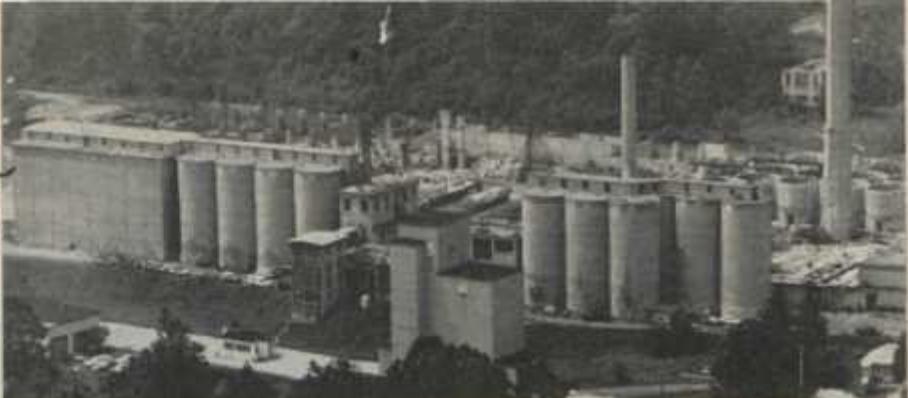
Bulova has enjoyed an unbroken succession of annual earnings increases for the past dozen years. In the first fiscal quarter of 1973, its sales abroad were up 42 per cent over a similar period the year before.

Today, Bulova has 12 plants in the U.S. and its territories and nine abroad. It has marketing operations in 120 countries.

"There is considerable talk aimed at penalizing multinational corporations that allegedly 'export jobs,'" says Sol E. Flick, vice chairman of the board and general counsel, but "Bulova's role in the U.S. watch industry has had just the opposite effect." *

continued on next page

Harry



Flour Mills Blossom From Old Cement Plants

Not long ago the most prominent landmarks in the village of Martins Creek, Pa., were two old, abandoned cement plants that were gradually crumbling into oblivion.

Today, the 2,500 villagers can point with pride to their once-decrepit landmarks. For one has been converted into a busy flour mill and the other soon will be.

Fortuitously, ConAgra, Inc., a leading flour miller, discovered that silos used in cement production are ideal for storing wheat. The first of the converted cement plants is now turning out enough flour to provide bread for a potential market of 30 million people living within a 150-mile radius of the Delaware River community.

"The idea of converting the cement mill was a natural," says J. Allan Mactier, president of ConAgra, the Omaha-based firm whose name can be freely translated from Latin as meaning "in partnership with the land."

This modern flour mill in the village of Martins Creek, Pa., was an empty cement plant not long ago. The transformation means a lot to the village.

"The single largest cost of a new flour mill is building silos and other facilities to store wheat for milling," he explains. "The huge cement plant silos were perfect and, within two years of purchase, we were able to convert this plant at a cost approximately one-fourth less than the expense of building a new flour mill."

More and more cement plants may be available for similar conversion as the cement industry is being hit by material shortages, foreign competition and shutdowns caused by the high costs of meeting environmental standards.

ConAgra has purchased a third abandoned cement plant at Hudson, N.Y., which too will be used as a flour mill.

The company operates 16 other flour mills across the country in line

with its policy of locating mills near customers, rather than close to the wheat fields.

"We needed additional large-capacity mills in the heavily-populated East which could get into operation quickly and be put into place as economically as possible," says Mr. Mactier. "The cement plants at Martins Creek were a natural."

The people of Martins Creek agree. As Richard Grucela, chairman of the local Board of Supervisors, puts it:

"ConAgra has provided jobs that weren't here before, and we expect quite a bit of money to flow into and out of our area as the company ships millions of bushels of wheat in and millions of pounds of flour out."

"All that activity has to generate some spending—some of it will be right here." •

Brazilian Businessmen Learn U.S. Know-How

When the modern planners of Brazil set out to put a new face on their country, they decided that Rio de Janeiro would be the recreational center of the nation, Sao Paulo the industrial hub and the State of Minas Gerais the focal point for agriculture.

But Minas Gerais, boasting huge production of steel, iron ore, cement and other industrial products, had other ideas. It wanted to become an industrial state, not a farm center. Unfortunately, it suffered a lack of trained managerial talent.

Thanks to the Columbia Graduate School of Business, that's all being changed. Under a contract with the Brazilian government, Columbia early last year established a Center for Management Development in Belo

Horizonte, capital of Minas Gerais, whose faculty is presently largely made up of Columbia instructors. Meanwhile, several Brazilian professors who ultimately will take over at the Center are studying modern management methods at Columbia, MIT and Stanford.

"We have to overcome 200 years of bureaucracy," says Chester Owens, one of the Columbia professors on the staff at Belo Horizonte. "But we want to move fast and I think we will."

Initially, the program is directed at top executives in Minas Gerais business and government enterprises who are studying the economic, social and political environment of business. In time, the Center will try to attract highly qualified university graduates who show a potential for moving into top management.

Eventually, the program will take in

small business managers, to teach them about budgeting, finance, marketing, personnel and production.

"We started with a class of 60 and will increase this in multiples of 60 as we go along," says Prof. Owens. "Our aim is to concentrate on training managers instead of specialists."

Minas Gerais is already starting to attract industry that at one time would have gone into other parts of Brazil. General Motors has opened an earth-moving equipment and heavy truck plant and Fiat, the Italian automaker, is turning out cars.

"We have no intention of making this Center a satellite of Columbia University," Prof. Owens explains. "We have a commitment to do something for this area. Our real success will come when we can turn over the program to Brazilians and they can train others to develop their country." •

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Norfolk, Center of the Mid-Atlantic.

Broken Glass Becomes a Building Material

In a recently completed building at the Fullerton, Calif., Air Industrial Park, the decorative glazed foam wall panelings and acoustical ceilings are products of research that began with a \$10 pressure cooker, a pile of broken glass and a heap of dried cow manure.

These are but two of a number of foamed ceramic building products derived from research conducted by Dr. John D. MacKenzie, a University of California at Los Angeles engineering professor, and then commercially developed by Environ Control Products, Inc., of Van Nuys, Calif.

Other products that have evolved thus far include bricks, indoor and roofing tiles, wall core material and garden stones. These materials, claims Dr. MacKenzie, are strong and light, cheaply produced, fireproof and odorless. They have excellent noise abatement qualities, are good insulators and are easily drilled, sawed, painted or glued.

In the manufacturing process, the manure acts as a catalyst and is completely consumed.

"It's a good way to get rid of solid waste," says Khee Parks, assistant technical manager of Environ Control Products. His firm is constructing an entire home with products made from broken glass and dried cow manure.

The patent holder is UCLA, which has issued licenses to half a dozen firms in the U.S. and is considering two applicants from overseas. •

Tiny Spheres Quench Fires in Metals

There is a new weapon against those hard-to-extinguish industrial fires involving combustible metals.

Union Carbide Corp.'s nuclear division, which operates four facilities for the Atomic Energy Commission at Oak Ridge, Tenn., says research conducted by one of its chemists has resulted in development of tiny car-

bon spheres that can be sprayed through a pressurized nozzle to put out fires in metals such as magnesium, sodium and potassium.

These carbon microspheroids, made from a coked resin, have a diameter of four thousandths to 20 thousandths of an inch. The manufacturer claims their flow and chemical properties make them superior to graphite flour or chloride and phosphate powders as fire fighters. •

Agency Offers a Key to Buried Treasures

In any given cubic mile of the earth's crust there are an average of 50 tons of gold, 900 tons of silver, 230 million tons of magnesium, 560 million tons of iron and 910 million

tons of aluminum—plus amounts of other minerals, says the U.S. Geological Survey.

The question, of course, is: Where are the commercially workable concentrations and are they accessible? The Interior Department agency recently activated CRIB to furnish that information.

The acronym stands for "Computerized Resources Information Bank," essentially an electronic library containing statistics on the mineral deposits and commodities of the United States and the world.

Dr. James A. Calkins, a USGS geologist, says: "With the looming possibility of a mineral shortage to match the energy shortage, it's becoming more and more important to keep our store of mineral information

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the world of industry *continued*

up-to-date, centralized and easily accessible, to aid the decision-making process."

There are now over 15,000 reports in the data bank and Dr. Calkins explains that when CRIB is fully operational, users will be able, for example, to determine what nickel resources are available in a particular state or county, to pinpoint iron deposits of a certain size, or to draw up a map of mining activity in an area of interest. *

It Pays to Keep Your Cool, Man

Is a cool head more productive? Scientists have found that keeping a cow's head air-conditioned results in greater milk production. And boars are more virile if they can operate in cool surroundings.

For man, a cool cranium also has advantages, says the National Aeronautics and Space Administration, which is doing development work on a water-cooled helmet for astronauts.

In high temperature tests at the Ames Research Center, near San Francisco, the helmet has reduced pulse rate by 75 per cent, and body temperature rise—as well as weight loss due to perspiration—by half.

Race driver Richard Petty, who has used the helmet in racing, tested the helmet unit in a heat chamber. It was an hour before he began to sweat.

Eventually, blast furnace workers, grain thresher riders, steel mill operators and others who work in a high heat environment may wear helmets of this type. *

Scales Designed for a Metric Changeover

Some 90 per cent of the scales in use in this country are mechanical, and a change-over to the metric system somewhere down the road is going to require extensive modification of levers, beams or linkages.

Sands Measurement Corp., a Texas-based manufacturer of electronic scales, hopes it will share in making the changeover as painless as possible.

The 13-year-old company is marketing a new line of electronic scales

which have a changeable readout, converting from the English system to the metric with a turn of a knob. To eliminate mental arithmetic during years of transition, Sands also offers scales that read simultaneously in both systems. *

Analyzer Sheds Light on Meat's Fat Content

The Agriculture Department thinks it has come up with a scientific, simple way to help butchers comply with the law limiting fat content in ground beef—an electronic analyzer it touts as much better than chemical tests or merely eyeballing the meat.

An invention of two Agriculture Department scientists, the instrument is hand-portable and measures fat content when placed on top of a package of ground beef.

The analyzer, which works on the principle of light reflectance, operates off the illumination of four flashlights. Radiated light is fed to a silicon solar cell, amplified and then processed by a solid-state computer circuit before being displayed on a dial that shows fat content from zero to 50 per cent.

Possibilities are good that the tester can be adapted to measure the amount of fat in other ground meats, Agriculture says.

A commercial version has been developed by one manufacturer and other companies have shown interest in the invention. *

Lime Fire Truck Drive Is Successful

It may not be your favorite color, but lime yellow is the safest.

That's the contention of Ward LaFrance Truck Corp., one of the nation's largest manufacturers of fire trucks, which is bucking tradition through an active campaign to change its customers' color preferences.

The Elmira, N.Y., firm will paint your new fire truck any color you want, and even polka dot it. But it keeps telling customers that statistics indicate more firemen are killed going to and from fires than actually fighting them, that most of these

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the world of industry *continued*

deaths are from collisions at night, and that red is one of the worst colors that can be chosen for visibility.

Ward LaFrance came up with the lime yellow combination after gathering data from a number of sources. The combination, it says, is the best all-around coloring for day and night operations.

The firm surveyed 8,500 fire chiefs, asking: "What color or colors do you prefer for fire apparatus?" It was found that while three out of four had red trucks, only one in four preferred that color.

Some sentiment was represented by the reply of one chief that "our trucks have always been red and they're going to stay red; that's just the way it is here." But more and more municipalities—the first one was Wheeling, Ill.—have been going for lime yellow.

Ward LaFrance says that between 35 and 40 per cent of its production now is in that hue.*

Bright Outlook for Makers of Eyeglasses

The spectacle business is getting more spectacular—some 55 million pairs of corrective eyeglasses will be dispensed this year.

A Social Security Administration study of spending for eyewear in 1968 pegs it at \$8.41 per capita and predicts it will double by 1980.

Industry sales for 1972 were an estimated \$800 million. Itek Corp., a major manufacturer in the optics field, estimates that about half of the entire population suffer from some eye defects and need or wear corrective lenses.

There is a huge market among elderly citizens—some 20 million people whose ranks are swelling by 1,000 a day.

Optics experts believe that 16 million of them are not receiving regular eye care.*

New Compound Gives Longer Life to Records

Long-lasting phonograph records are about to spin on the turntables.

The Richardson Co., Des Plaines, Ill., a major supplier of plastic for

continued on page 82H

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what readers want to know

• Has Watergate really affected the operation of the government?

Depends on whom you talk to. Watergate has certainly laid down a heavy cloud over the vast federal establishment, creating uncertainties and diverting the President's full attention from many weighty matters. Congress has not assumed initiatives it could have with the weakening of the President's position, but it definitely has put the kibosh on such Nixon requests as revenue-sharing in

(Frequently, mail to editors of NATION'S BUSINESS shows patterns of curiosity about developments in Washington. From time to time, we'll try to answer some of your questions.)

education, manpower training, law enforcement and aid to cities.

Despite Watergate, the leadership of the government's Executive branch continues to function, if of only because of the sheer power invested in any President.

• Whatever happened to C. Jackson Grayson Jr., who was much in the news during the Phase III economic program? Did he get sacked?

"Sacked" might be too strong a word. He was "consolidated" out of his job as chairman of the Price Commission. The one-time farmer, newspaperman and FBI agent has returned to his old post as dean of the School of Business Administration at Southern Methodist University in Dallas.

For a brief period after the phase-out of Phase III he served as counsel to the President while the Price Commission was consolidated with the Pay Board under the Cost of Living Council. His friends say he would have been happy to stay in Washington to complete the work he started.

• There's been a lot of talk in Congress in recent years about abandoning the seniority system. Is this really happening?

No. Most of the pressure to change

the system comes from younger members who don't have the patience to wait 20 or 30 years for a committee chairmanship. And as they make their own slow climb up the seniority ladder they become less and less moved to topple the age-old seniority system.

There has been, of course, minor reform in this area, but it has been more perfunctory than real. House members are now allowed to vote on whether senior members should be chairmen. In the first such exercise of this privilege every senior member of the majority party—the Democrats—got the nod for chairmanships. The Senate, however, maintains its traditional seniority system.

• Some time ago, President Nixon proposed trimming the number of federal Departments in the name of efficiency. Has anything happened to that proposal?

No. Congress is still reluctant to see a drastic reorganization of government. It likes dealing with familiar federal agencies and it fears a consolidation could result in trimming the number of Congressional committees dealing with these agencies. That would mean some individual losses of power on Capitol Hill, which of itself considerably lessens the likelihood of reorganization despite all its acknowledged advantages.

• Who uses wiretaps more, the federal government or the individual states?

Actually, the states. There was a drop-off in federally authorized taps from 285 in 1971 to 206 in 1972, while state taps rose from 531 to 649 in a comparable period. Under a 1968 federal law, taps can be employed only by federal and state law enforcement agencies and then only with court approval.

• Did the United States really get the short end of the stick in that wheat deal with the Russians?

Maybe yes, maybe no. The Soviets got into the American market early—

presumably without the knowledge of the Agriculture Department—and placed huge orders several weeks before the price of wheat began skyrocketing. Wheat prices zoomed, not only because of the massive Soviet purchases but because of general inflation and the dollar devaluation abroad. There was nothing illegal about the Russians buying on the open market but it is curious the way the deal escaped the agency solely responsible for agriculture.

• George Meany must be old enough to retire. What's the story?

If the venerable cigar-chomper, now 79 and president of the AFL-CIO since the merger in 1955, is thinking about retiring he's keeping it close to his vest. And the guessing game must be wearing thin for a passel of labor leaders waiting in the wings and no doubt jockeying to replace him.

So far, no one is really trying to force Mr. Meany to pasture. Not openly, anyway. His proudest accomplishment is that "I kept the boys together." George Meany also can trade abundantly on his ability to wheel and deal with Presidents and Cabinet officers to keep pushing labor's position at the national level. Still, this relationship with the White House has begun to come apart as the labor boss' public challenges to the President's economic policies indicate.

• Is it true that Americans have a deplorable voting record?

Well, look at the last Presidential election. More than 62 million eligible Americans did not vote. Richard Nixon won reelection with 47 million out of 77 million ballots cast. Only 55 per cent of voting age Americans actually voted in 1972, which means Mr. Nixon was elected by only one third of the voting age population.

Compare that with some other countries. In their last national elections, 75 per cent of eligible Canadians voted, 80 per cent went to the polls in Britain, and West Germany had a whopping 85 per cent turnout.

sound off to the editor

Should We Recognize Castro's Cuba?

Now that the United States has established quasi-diplomatic relations with Communist China and entered into multibillion-dollar trade agreements with Soviet Russia there is increasing sentiment for American recognition of Cuba.

The major argument is that if the United States can do business with the two giants of world communism—Moscow and Peking—then certainly it can do business with a weak communist puppet.

But opposition to restoring the diplomatic ties severed 12 years ago remains adamant. Cuban dictator Fidel Castro continues to hurl invective at the United States and has let up little in his grand plan to communize all of Latin America.

Still, the action of the Cuban government to cooperate with the United States in condemning and halting aerial hijackings is regarded as an encouraging sign that Castro is changing and that the time may be

ripe to capitalize on economic realities.

What the Nixon Administration is planning to do eventually in this matter—to recognize Cuba diplomatically or continue the hands-off policy—remains vague. The Administration has said, however, that the hijacking agreement did not change the status of our relations with the Havana regime.

The Organization of American States so far has resisted repeated appeals from some of its member states to admit Cuba into the group. And only four major countries in the OAS—Mexico, Panama, Peru and Argentina—currently recognize Castro's Cuba.

Hard-nosed realists in this country contend that at a time when the U.S. is battling to improve its trade balance it makes sense to ignore politics and take advantage of a market less than 100 miles from the American shore.

During the last year the United States traded with Cuba—in 1960—U.S. exports to the island exceeded imports by over \$19 million. And Cuba was supplying the United States with considerable amounts of sugar as well as some essential minerals.

Rep. Charles W. Whalen Jr. (R-Ohio), a staunch Congressional advocate of resuming ties with Havana, says:

"It is inconsistent for us to trade with the Soviet Union while maintaining a complete trade embargo with Cuba."

But a vigorous opponent of Cuban recognition, Sen. Edward J. Gurney (R-Fla.), argues:

"The burden of proof is upon Castro. When he is ready to return Cuba to the Western Hemisphere, the Hemisphere will be ready to re-evaluate him."

Should the United States recognize Cuba? What do you think?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should the United States recognize Cuba?

Yes No

Comments:.....

.....

Name and title.....
(PRINT)

Company.....

City.....

Turning Off a Single Time Zone

So many shouldn't have to put up with so much to benefit so few.

That's the overwhelming view of NATION'S BUSINESS readers reacting to the proposition of adopting a single time zone for the entire continental United States.

The question was raised in an in-

"It seems highly nonutilitarian to sacrifice the customs of the vast majority for the convenience of a tiny group."

vitation to "Sound Off to the Editor" in the August issue.

It was pointed out that the present system of four time zones poses communications problems for businessmen in different zones whose working hours do not coincide, and for those traveling long distances by jet.

The other side of the argument was also given: That, in a single time zone, winter darkness would fall in mid-afternoon in the East and it would still be daylight on late summer evenings in the West.

Readers voting for the status quo hammered away at one theme in particular: Only a relative handful of the 210 million Americans would benefit from a change while everybody would be affected by the resulting disadvantages.

E.M. Turboff, senior vice president of The Fairfield Co., Houston, Texas, writes: "Most people in this country are not affected in daily life by time zone differences; it seems highly nonutilitarian to sacrifice the customs of the vast majority for the convenience of a tiny group."

Jerry L. Hooper, manager-training, Columbia Gas Distribution Companies, Columbus, Ohio, says that mid-afternoon darkness in the East and

sunlight at bedtime in the West would "present safety and health hazards hardly worth risking just to add to business convenience."

Edward J. Gillen, manager, IBM Corp., Dayton, N.J., is more blunt: "This idea is absolutely ridiculous. I communicate with people across the country every day; it's not that much of a bother. The majority of the people are not affected by this situation so, therefore, [a single time zone] should not be considered."

Lydia Dudinyak, mortgage analyst, James W. Rouse & Co., Inc., Severna Park, Md., says: "It's more suitable to have a system of different time zones, as they are now, considering the small percentage of people it affects, than to try to readjust the majority of the country's population's life styles and habits."

On the other side of the argument, Reginald F. White, owner and manager of Industrial Communications, Perryton, Texas, says the advantages of "unitime" would far outweigh any inconveniences of an adjustment period. The change is needed, he adds, because of "our rapidly advancing communications and travel" methods.

Douglas Glant, executive vice

"Unitime" would "improve my business communications tremendously."

president, Pacific Iron & Metal Co., Seattle, Wash., comments that adopting a single time zone would "improve my business communications tremendously," particularly in the afternoon hours when Westerners are still in their offices but businessmen in other parts of the country have gone home for the day.

Garrett Redmond, vice president, Firemen's Fund Insurance Co., San Francisco, Calif., suggests meeting that problem by starting the Western business day at 8 a.m., and the Eastern at 10 a.m., retaining the present system of time zones.

The response produced several alternative proposals for modifying time differentials, including scores of suggestions that instead of four time zones, there be two or three, rather than only one.

And many readers took advantage of the poll to vent strongly held feelings for or against daylight saving time.

Doris A. Skouros, business manager for a group of medical prac-

"This plan would not work with any degree of satisfaction for the construction industry."

titioners in Salinas, Calif., calls for year-round daylight saving time "to enable all of us to have more daylight hours to spend with our families and to be able to enjoy more outdoor activities."

But L.M. Levy, board chairman, The Clifton Shirt Co., Loveland, Ohio, comments: "I am firmly against daylight saving time, as I feel that this is entirely for the birds and, in fact, I am not sure the birds like it."

A strong No vote came from the construction industry, which was particularly concerned about early darkness in the East under a single time zone.

"We work only during daylight hours," writes E.B. Lafon, president, Lafon's Erecting Co., Inc., Roanoke, Va. "This plan would not work with any degree of satisfaction for the construction industry."

How to form your own corporation without a lawyer for under \$50.00

By Ted Nicholas

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Managing the Biggest of the Big Spenders

The best the taxpayer can hope for, says the Secretary of Health, Education and Welfare, is an increase of \$10 billion a year in his Department's outlays

It sounds like a managerial nightmare.

A government agency whose budget is leaping upward at the rate of \$10 billion a year and where efforts to cut spending only produce new Congressional mandates to spend more.

An agency with a work force of 125,000 that is still growing.

An agency facing gargantuan challenges. Among them, how to:

- Design a national health insurance program with reasonable costs that will preserve the strengths of the existing medical system.
- Reform a welfare system that has defied reform.
- Decentralize programs whose advocates insist they can't work well without central control.
- Overhaul education programs from preschool through graduate school.
- Deal with critics who complain on the one hand of inordinate spending, but on the other decry what they call miserly unconcern for human problems.

This is a capsule description of the Department of Health, Education and Welfare, which in just 20 years has become the biggest single spending agency in the U.S. government.

Damned and praised over the years, it has caused utter frustration for many of those who have served as its head.

The man who currently presides over this vast and often stormy com-

plex is a slight, soft-spoken California lawyer, Caspar W. Weinberger, 56.

A graduate of Harvard and a former California legislator and state director of finance, he came to Washington in the early days of the Nixon Administration as chairman of the Federal Trade Commission. Since then he has come to be considered a member of the President's inner circle and has taken on increasingly crucial assignments.

He was deputy director of the Office of Management and Budget, and then its director, before being named HEW Secretary in November, 1972.

Both as head of OMB and as Secretary of HEW, Mr. Weinberger has been a principal architect of proposals to carry out the President's plans to decentralize many federal programs and eliminate others.

He discusses some of these proposals as well as HEW's massive role in American life in this interview with NATION'S BUSINESS editors.

It's frequently said that HEW is so huge and complicated that it can't be managed properly. What is your view?

Fortunately, I have not found that to be the case. It is certainly very large but there are other organizations of comparable size that can be—and are being—managed.

The alternative would be to split HEW into smaller units. I don't

think that would solve anything. It would simply mean more and more people reporting directly to the President. His tendency is to go in the other direction, to consolidate all human resource agencies into a single new Department of Human Resources.

But Congress hasn't accepted this idea.

Given its role of dealing with people problems, will HEW continue to expand?

We are trying our best to get several of the functions we have back to the states. We are also trying to decentralize within the Department and give more authority to our regional offices to deal directly with Mayors and Governors.

But Congress resists the concept of turning authority over to the state and local governments.

At the same time, Congress has given this Department several new duties that require even more expansion, including the largest task ever assigned to a civilian agency—the federalization of welfare systems for the aged, blind and disabled. That will mean a large number of new employees.

So the tendency of Congress has been the other way, to add power and authority and budget resources to this Department beyond what the President has requested each year.

Your budget is the largest of any

Secretary Caspar W. Weinberger, in his office at HEW's headquarters.

Managing the Big Spender continued

federal agency, including the Defense Department, isn't it?

Yes, by far.

Will it continue to increase because of these new programs?

There's just no other result that can occur. Our budget went from \$83 billion in fiscal '73 to \$94 billion in fiscal '74 and it will have to be quite a bit above \$100 billion in fiscal '75. Between 1972 and 1975, we will have raised Social Security payments by 57 per cent.

The only thing we can do is try to hold down the rate of our budget expansion as best we can.

How are you trying?

By operating with as few people as possible, for one thing. And by making some changes in the medical services area, for another.

State and local governments employed 32,000 people to administer the adult welfare categories I mentioned. We hope that when they are fully federalized, we can do the job with 15,000. But they will be new employees of HEW.

We are attempting to offset that somewhat by urging Congress to turn over St. Elizabeths Hospital, a large mental institution, to the District of Columbia, and we want to close the eight Public Health Service hospitals—for the most part they are a little over half full. It is not a proper function for the federal government to deliver direct medical services to a limited group of beneficiaries.

These changes would reduce employment by 7,000 to 8,000 people.

Do you have a basic blueprint for what you hope to accomplish as HEW Secretary?

It is my feeling that a great many things we are doing could be performed as well or better by the states.

We shouldn't try to operate schools or hospitals. We ought to give the state and local governments grants they can use as they see best, for what they believe to be their highest priorities.

The federal government can develop new techniques to improve given programs, doing research and development that is too expensive for individual states and localities, and can



out Congress voting additional benefits. It also will go up because the number of elderly beneficiaries is increasing.

In addition, we will incur increased costs because, when Congress federalized the adult welfare categories, it liberalized the requirements for qualification. While the states had been paying benefits to 3.2 million people, 6.1 million will be eligible under the federal plan.

It is very difficult, with programs of this kind, to have any sort of reduction in total spending. All we can do is try to make sure we are delivering the best services possible with the smallest increase possible, and that is usually in the nature of \$10 billion a year.

You have been pictured by critics as a man with a big meat cleaver, slashing away at programs without regard to human values as long as you can make some savings. How would you respond to this?

The budget levels and rate of activity in this Department certainly don't bear out that picture.

True, we have made some reductions and recommended others. Our public information services, for example, have been cut drastically because they were much larger than needed and their expense was not directly related to the Department's work. But what we have tried to do mainly is carry out the programs assigned to us—and advocate as vigorously as we can the elimination of unnecessary or ineffective programs, to free resources for something more fruitful.

What is your biggest problem?

The allocation of limited resources. There are a lot of unmet needs in this country, and we have to make some changes. This involves selecting priorities, stopping some programs, starting some new ones, adding to those that have proved necessary and effective.

We must devise ways of assisting the truly needy, focus our resources on them, and be willing to end programs that were started years ago and either aren't working or aren't necessary anymore.

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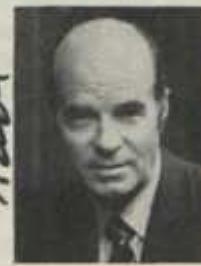
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QUARTERLY OUTLOOK SURVEY

To Executives, Phase IV = Confusion



Stew
To Robert W. Hartwell, executive vice president-finance, The Detroit Edison Co., Detroit, Mich., the economy's most positive side is "the long-run potential of the dollar devaluation and our competitiveness in world trade." The "intolerable" inflation level is the worst problem, he says.



Stew
George E. Griffin, senior vice president of The LTV Corp., Dallas, Texas, thinks the conglomerate's meat products and steel operations could suffer profit squeezes due to Phase IV. He expects the economy to level off, with some downturn in real growth possible in 1974.



Stew
"It shouldn't, but it has" is the comment of Chairman and Chief Executive Officer Donald A. Gaudion of Sybron Corp., Rochester, N.Y., on whether Watergate has affected confidence in government and business. He predicts "some plateau-ing" in the economy.



Stew
Phase IV, says Stefan Tenkoff, executive vice president and treasurer of Nutrilite Products, Inc., Buena Park, Calif., is "confusing and restrictive" and will pinch his firm's profits. He calls Watergate a "disgrace" which "hurts everyone . . . not only business."

"The various phases have confused businessmen and upset the normal balance between supply and demand. This, in addition to the very high interest rates, will tend to slow down our economy."

That comment from William F. Lucas, president and chief executive officer of Brown-Forman Distilling Corp., of Louisville, Ky., puts in a nutshell one of the major findings of the 48th NATION'S BUSINESS Outlook Survey. Two hundred forty-three company executives responded to the latest of the questionnaires that are sent out quarterly to a wide range of businessmen.

A majority of executives (110) say they expect the economy to level off, mainly citing the sharply higher cost of money and the caprices of Phase IV. Inflation—what Phase IV is supposed to combat—is still seen as the major economic problem, however.

Another sizable group of executives (68) think the economic expansion will head down in the latter part of 1973 and into 1974. "The cost of money is going too high," comments Robert E. Smith, president of Crow Publications, Portland, Oregon. "Housing starts will drop and many items like appliances and textiles will suffer sales declines."

But despite the dominant feeling that there will be an economic leveling off or even downturn, there's still expectation among many businessmen that the current economic expansion has further to go.

Sixty business leaders (not all respondents answered all questions) don't think the bloom is off the rose.

Says Werner C. Brown, president of Hercules, Inc., of Wilmington, Del.: "We anticipate continued growth in real GNP during the next four quarters at near the historical 4½ per cent rate. Continued growth in personal income and strength in business spending for plant and

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How



"There'll be a slight squeeze due to Phase IV, but competition is still the greatest influence," says M.G. Mitchell, chairman and president of Chicago Bridge & Iron Co., Oak Brook, Ill. He looks for increases in his firm's capital spending and in its sales.



Edward M. Carter, chairman of Broadway-Hale Stores, Inc., Los Angeles, Calif., sees "very little" effect of Phase IV rules on his company. He forecasts sales and profits 15 per cent above a year ago. The continuing inflation looks like the toughest economic problem, he says.

equipment and inventory rebuilding will provide the major source of strength."

This is how the answers to major queries in the survey break down:

To the question, "Do you see a squeeze on your profits due to the Phase IV price and profit rules?" 158 reply in the affirmative while 71 say No.

But in answering, "How about profits? How will they compare to 1972?" 148 executives think their profits will exceed last year's while 44 see a decline and 39 forecast them as about the same.

"What will 1973 sales or volume

for your business be like compared to 1972?" draws this response: One hundred ninety-nine look for higher sales or volume; 14 predict reductions while 29 look for an equaling of 1972 figures.

To the query "Are you planning increases in capital investments in 1974?" 105 businessmen respond that their firms plan to boost capital outlays while 41 say theirs plan to cut back and 15 think their companies' spending on new plants and equipment will remain at 1973 levels.

On the question, "What do you expect in the way of national unemployment rates for the rest of this

Franc M. Ricciardi, chairman and president of Richton International Corp., New York City, expects the economy to level off due to low levels of confidence and higher interest rates. But Richton should show a 12 per cent sales gain for '73 and a "substantial" profit vs. a '72 loss.



E.N. Hoekenga, chairman and president of Ryder Truck Lines, Inc., Jacksonville, Fla., says his firm has been squeezed between old prices and new labor contracts. But if rate relief is provided, 1973 profits should be "excellent" compared to 1972.

year?" 90 say unemployment will be essentially unchanged while 85 think it will go up and 23 foresee a decline.

While most executives expect Phase IV to be a major factor in how the economy performs, the reactions to it vary depending upon impact.

William Verity, chairman of Armco Steel Corp., Middletown, Ohio, comments: "Under Phase IV rules all profit margins will suffer. Producers of flat rolled steel are even more severely impacted since all costs for the past 20 months have been absorbed. Price relief is urgently needed."

A somewhat milder view is ex-

Quarterly Outlook Survey *continued*

pressed by Salvatore Macera, corporate vice president and chief financial officer of Itek Corp., Lexington, Mass. "Itek falls under the rules affecting all companies with sales in excess of \$100 million," he says. "With the generally spiraling costs now with us, we expect to see some squeeze on profits. But we don't expect that the squeeze will be too severe."

Other businessmen label Phase IV as inequitable or indicate they're un-

comments John H. Perkins, president of Continental Illinois National Bank and Trust Co. of Chicago. Mr. Perkins views "restrictive monetary and fiscal policies, declines in housing activity and expected slower consumer durable goods spending . . . as major slowing factors." On the plus side are the "good position of business inventories and increases in capital expenditures."

One question in the survey asked executives to make an assessment of

inflation and continuing increases in interest rates."

A contrary view on Watergate is taken by W.V. Albright, president of W.F. Meyers Co., Bedford, Ind. "I don't think so," Mr. Albright says. "But the left-wing press and TV apparently are trying to make it appear so."

"Two trips abroad this year have convinced me Watergate is having a severe effect," says J.H. Griffin, vice president of Southwire Co., Carroll-



"The economy will slow its rate of real growth," says Oscar H. Curry, senior vice president, Campbell-Soup Co., Camden, N.J. "Whether controls distort enough to force a recession will depend on common sense handling of regulations."

He sees Campbell profits as higher.



J.P. Monge, chairman-finance committee, International Paper Co., New York City, says of Phase IV: "We will have to absorb cost increases, and our profits will be adversely affected." Mr. Monge's company plans no hike in capital spending next year.

clear on how the rules affect them. "Phase IV as outlined is extremely unfair to those companies which either involuntarily or voluntarily made a price rollback during calendar 1972," asserts John H. Batten, president of Twin Disc, Inc., Racine, Wisc. "Phase IV denies them any recapture of costs incurred from Jan. 1, 1971, to the fourth calendar quarter of 1972."

"We are still trying to get an interpretation of the rules as far as our industry is concerned. We see a squeeze on our profits," remarks Paul Batcheller, president of Zip Feed Mills, Inc., Sioux Falls, S. Dak.

"The rules are designed to squeeze the large companies through cost pass-through and delay," says Keith R. Potter, executive vice president of International Harvester Co., Chicago, Ill.

Not all executives regard the leveling off of business as a negative factor.

"The most encouraging aspect of the economy is that signs of a slowdown in business activity to a sustainable rate are becoming evident,"

the impact of the Watergate situation on confidence in government and in business. Of those answering, 103 think Watergate has caused at least some loss of confidence in both government and business. Forty-five feel government, but not business, has been damaged by the Watergate revelations while 18 see no damage to either government or business.

"Watergate has caused a lack of confidence in government and business," says C. Howard Hardesty Jr., executive vice president of Continental Oil Co., Stamford, Conn. "Our nation's problems demand strong leadership and decisive action and Watergate has weakened the opportunities of this Administration to pursue its strong election mandate. The Administration has less strength to espouse answers to economic problems which rely upon the forces of the marketplace."

Sam F. Graham, vice president-treasurer of Hilton International Co., New York City, remarks: "The Watergate affair has undermined confidence in the government, but business confidence has been more affected by

ton, Ga. "Much of the dollar softness is Watergate-induced apprehension and no confidence."

P.H. Glatfelter III, president and chairman of P.H. Glatfelter Co., Spring Grove, Pa., thinks Watergate has hurt confidence in government and adds: "It at least bolsters those who blame business for the ills of the country."

On the bright side, many executives who express caution about the rest of 1973 and first part of 1974 think the economy is capable of slowing down and then reasserting its growth trend in the second half of 1974. The high percentage of companies planning to boost capital outlays supports that line of thinking.

"In 1974 we will have a higher capital investment program than we have ever had in our history," remarks L.R. Tollenare, president of AMERON, Monterey Park, Calif.

"We're adding considerably to capacity in 1974 because of faith that home building in the 1970s will be good as a whole," comments James Hewell Jr., president of Peachtree Doors, Inc., Norcross, Ga. END

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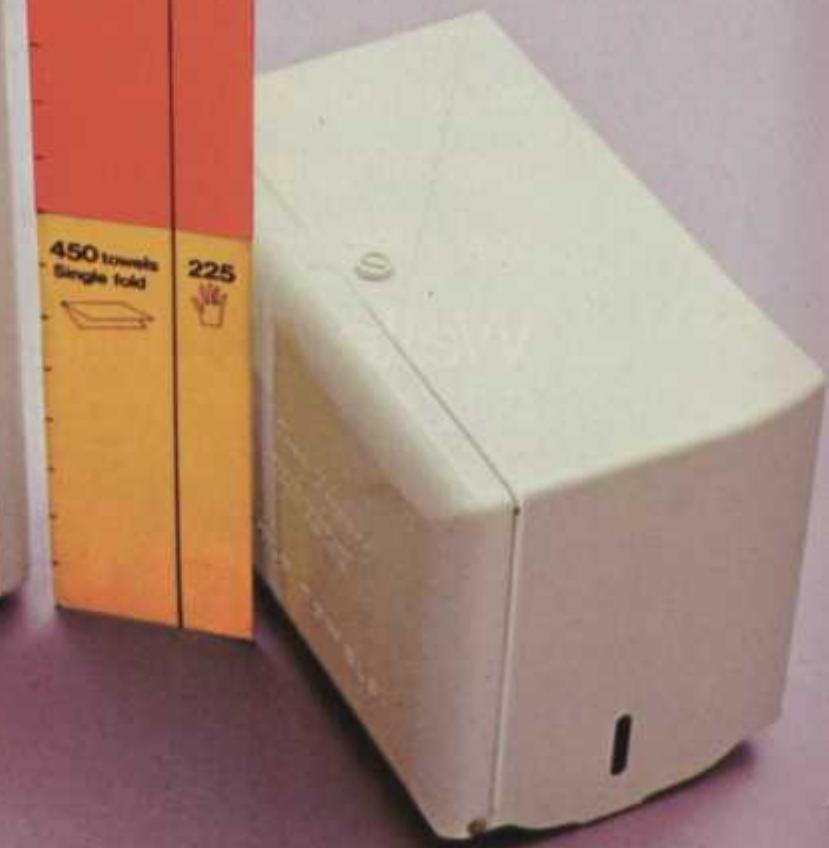


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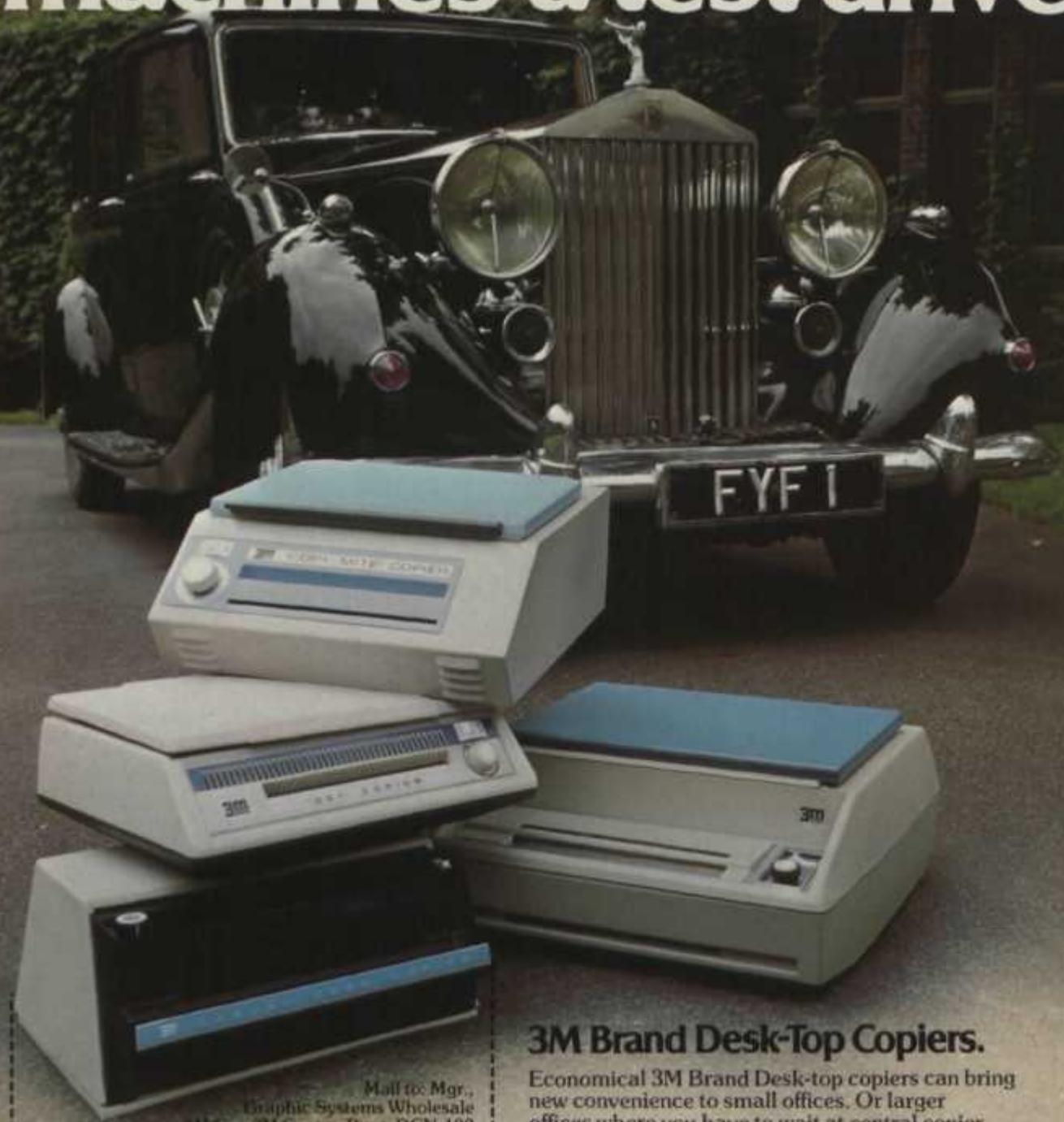


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The Supreme Court: A Blurred Picture for Business

At one time the business of the Supreme Court was business.

With the advent of what Felix Frankfurter called the "service state," the business of the Court shifted to a basic concern with individual liberties and equality of treatment. No longer was it concerned with substituting its notions as to the propriety and desirability of business regulation for those of legislative bodies or administrative agencies.

There is no indication that the advent of the "Nixon Court," which begins its second full term this month, will bring about any change in this regard. Through the commerce clause, national power over even the most minute aspects of commercial intercourse has become plenary. State power has been severely limited by the "occupation of the field" by national authority.

There is some indication that the four Nixon appointees on the Court, especially the newest Justices, William H. Rehnquist and Lewis F. Powell, who joined the Court in January, 1972, will demonstrate a greater concern for the precepts of federalism than their predecessors did. This is essentially the meaning of the new obscenity regulation cases, which have not replaced federal control so much as they have restored that control to state standards.

This, too, is the meaning of some of the criminal procedure cases which tolerate state standards different from national standards.

It is possible, but not likely, that

PHILIP B. KURLAND, author of this article, is William R. Kenan Jr. professor at the University of Chicago and editor of the *Supreme Court Review*.

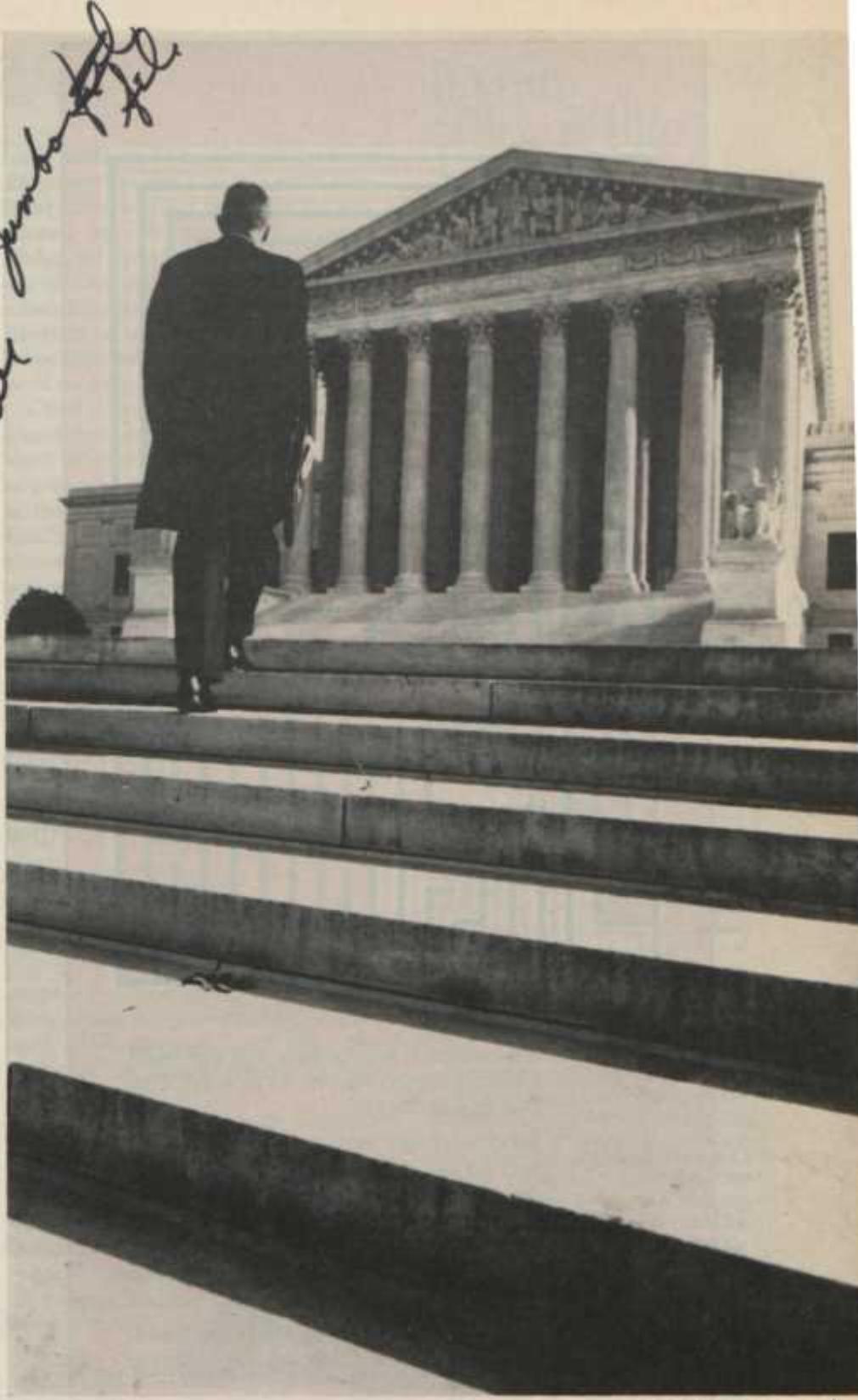


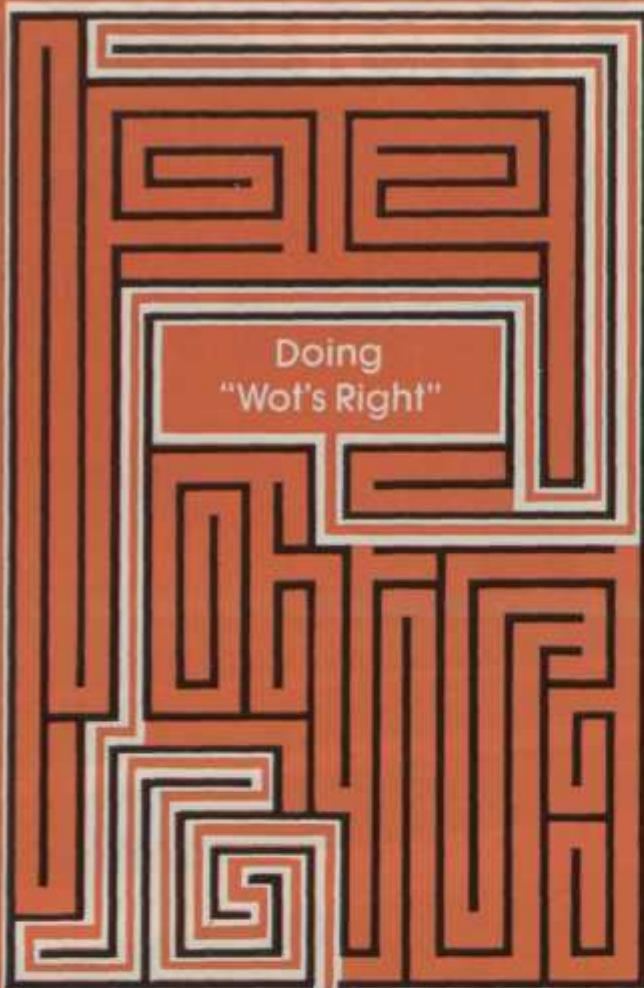
PHOTO: FRED J. KARSON

the new Court will read federal legislation as more permissive to state regulation even in the sphere of commerce. But, as last term's decision invalidating local government control over hours of operation at a local airport would indicate, such permissiveness is not likely to emerge quickly or strongly. The forthcoming term will supply some guidance, however,

through the decision of a case raising the issue of whether state or federal law controls the termination of a stockbroker's interest in a profit-sharing plan.

Of course, there are other business cases on the docket, too.

In these the Court is essentially concerned with eliminating conflicts of decision among the 11 federal ju-



There's a line in "My Fair Lady" that says much. It goes something like this. "All Oi wants to do Guvner, is wot's right."

To do "wot's right" involves all the right moves and the application of tried and true management functions. Start with a thorough search for the facts. Assemble and study, prepare a list of obstacles and possible solutions. Present the facts, face the facts, then take the action the facts dictate.

In that process the management functions of planning, organizing, directing and controlling will come into play.

At your chamber of commerce there are a lot of dedicated people doing all those things that lead to a decision for the total community.

Go by and talk with them, then become a part of that action team.

That's doing "wot's right."

Pete Progress speaking for
your chamber of commerce

The Supreme Court

continued

dicial circuits and with defining important national legislation. Antitrust cases, tax cases, and such tend to be highly technical but important to those concerned. Labor cases afford examples:

- Does the law prohibit discrimination in hiring, when that discrimination is directed against aliens?
- Is a successor employer liable for unfair labor practices of his predecessor?
- Is picketing a foreign flag vessel protected activity?
- Can a state statute validly limit picketing?
- Does a union offer to waive mem-

“...Businessmen cannot expect protection from the Supreme Court against government regulation....”

bership fees constitute an invalid practice?

Another case raises the question whether appointment by the New York Stock Exchange of a liquidator for a member firm constitutes an act of bankruptcy.

Still another important question is whether a federal administrative agency, in this case the Federal Power Commission, has authority to assess fees against those it regulates to defray some of the costs of regulation.

And one case presents the issue of whether state law can disqualify from eligibility for government contracts those who have pleaded the privilege against self-incrimination. The propriety of state procedures for tax delinquency sales of real property will again be examined at the coming term.

The fact remains, however, that businessmen cannot expect protection from the Supreme Court against government regulation, whether state or federal, even with the change of judicial personnel. Their forum for relief

A long way to go

For the average American, health care is a phone call away: For the average Navajo, it's a twenty-mile walk.

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must continue to be Congress, whose judgment the new Court is more likely to affect without rewriting the legislation to conform to the Court's wishes as the old Court was wont to do, and the Executive branch, whose administration of the laws is not so likely to be reviewed, unless the challenge flies the banner of consumerism or of ecology.

Chief Justice Warren Burger's Court has shown an interest in revival of constitutional requirements of procedural due process, especially in the area of welfare and consumerism. And this interest will be continued during the next term, when it will once more concern itself with the

“... Its docket is replete with cases... likely to reverberate with Watergate connotations....”

propriety of remedies for conditional sales contracts, the validity of tax-deed sales processes and who can challenge the discontinuance of Amtrak passenger service.

The Court's headlines are likely to come from its involvement in the Watergate scandal.

Its involvement here will derive from the performance of its constitutional duties. “Cases” and “controversies”—as earmarked by Article III for judicial action—that grow out of Watergate will be presented for decision.

One such case would require a determination of the validity of the President's assertion of executive privilege. On the other hand, Watergate may also come to the Court by way of an appeal from conviction for a crime that may have been perpetrated in the cause of the reelection of the President.

But even if the Court were not ready to directly confront a Watergate issue in the coming term, its docket is replete with cases that are

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The Supreme Court: A Blurred Picture for Business *continued*

likely to reverberate with Watergate connotations. For example, four concerning electronic surveillance.

As in recent years, four major areas of constitutional law will call for elucidation.

The crime arena

The first is administration of criminal justice. And it is here that the Court as presently constituted is most likely to show itself to be different from its predecessor over which Chief Justice Earl Warren presided.

A plethora of search and seizure cases, as always, will tend to be decided on a case by case basis.

Perhaps the most important of these will result in a better definition of the proper scope of search consequent upon the arrest or halting of a motorist.

A more novel question before the Court is whether a grant of immunity pursuant to a plea of privilege against self-incrimination under the Fifth Amendment is sufficient also to compel waiver of Fourth Amendment search and seizure rights. Because the Fourth and Fifth Amendments are directed to different objectives, it will be a surprise if the Court holds that a grant of immunity authorizes the invasion of privacy against which the Fourth Amendment protects.

In the criminal law field, the Court will again delineate some outlines of the right of the defendant to confront witnesses. It will, too, move further into prisoners' rights, a matter of more concern to the recent Court than to its predecessors.

Some cases call for construction of federal criminal laws, such as the applicability of the mail fraud laws to abuses of credit card privileges. These decisions will be of special rather than wide effect.

Discrimination

A second major line of cases that have preoccupied the Court over recent years, and will continue to do so, are those concerned with racial discrimination. The 1972-73 term of the Court suggested that a third round of school desegregation cases has begun: desegregation in non-Southern communities.

Last term, the Court split four-

four on a case involving a plan to consolidate the predominantly black school system of Richmond, Va., with the predominantly white systems of two neighboring counties.

Justice Powell, a former member of both the Richmond and Virginia boards of education, disqualified himself in the case.

The effect of the tie vote was to leave standing a U.S. Circuit Court of Appeals decision overruling a U.S. District Court judge who ordered the consolidation.

But the tie vote also meant the Supreme Court did not set a precedent for similar cases, which will present an opportunity for all nine Justices to determine the issue.

Forthcoming cases, with Detroit in

“... Justices are also complex human beings with a unique calculus of relevant values....”

the vanguard, raise the question of whether a federal court can compel the joining of city and suburban school systems in order to obtain a racial balance.

There remain, and will recur, many racial issues that do not involve schools. Examples are discrimination in employment, validity of racial quotas imposed by federal and state law, and women's rights to identical treatment with men.

Except for the clear support given to women raising issues of sex discrimination, the present tendency of the Court here is hard to define. Recent decisions do make it clear, however, that the Court is prepared to abide by the mandate of the national legislature. The difficulty derives from the ambiguous language used by Congress in framing statutes.

The so-called Warren Court made its reputation at least in part in a third major area, election law reforms. It created out of whole cloth the one-man, one-vote concept as a constitutional command. The Burger

Court has retreated, to a limited degree, from that mechanistic rule—at least with reference to state legislatures. On the whole, however, the new Court, too, seems devoted to election reform, even at the expense of history and precedent, as in its invalidation of state residency requirements.

The 1973 docket is replete with election cases, including those concerned with the propriety of requirements for primary elections, discrimination against independent candidates, requirement of a loyalty oath for candidates, validity of filing fee requirements, and rights of prisoners to absentee ballots.

Freedom of expression

In the fourth major area of the Supreme Court's constitutional activity, freedom of expression, there may be a hiatus between last term's new obscenity standards and the application of those standards. It will not be too long, however, before the Court is once again inundated with cases challenging the propriety and validity of the application of the new standards.

In all, the Court in its term starting this month will decide on their merits 100 to 120 cases selected from some 3,500 to 4,000 brought to it for review.

The public seems to regard the Court as a monolith reflecting the will of the Chief Justice. Unfortunately, the press frequently provides support for that expectation. The fact is that the issues brought before the Court are complex and difficult of resolution. Justices are also complex human beings with a unique calculus of relevant values.

How else explain that the Burger Court took a liberal stance in three areas that the Warren Court refused to address? It was the Burger Court that held capital punishment to be unconstitutional; that invalidated state anti-abortion laws; that extended the school desegregation rules to non-Southern states.

The Warren Court had the opportunity to respond to these problems; it chose to avoid them.

It may be appropriate, therefore, to suggest that truth, like beauty, lies in the eyes of the beholder, especially when evaluating the Court. END

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You hear and read quite a bit these days about our citizens yearning for a better "quality of life" or more of "the good things."

There's really nothing new about this. Ever since the founding of the nation, men and women have struggled to leave the ranks of the "have-nots" to join the ranks of the "haves," following the dictates of the American work ethic. Economic development has produced for the U.S. a trillion-dollar economy in the lifetimes of some who, 40 years ago, wouldn't have bet a nickel

cigar it would ever come to pass.

Affluent Americans—and that's the overwhelming majority of them—now have more time to enjoy the bounties of a roaring technology, and to be concerned about their way of life and the environment.

But achieving mass affluence can take the total effort of a community. Three approaches to economic development by three very different communities—Spokane, Wash., Roswell, N. Mex., and Tangier Island, Va.—are spotlighted in this special section of *Nation's Business*.

Hi, Ho, Come to the Fair...

... and see what business has done not only there, but elsewhere in revitalized Spokane

This is what the 100-acre Expo '74, on the banks and islands of the Spokane River in the heart of Spokane, Wash., will look like when it is in operation. In the foreground: the Spokane Falls. The fair is expected to draw five million visitors.

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ML HO Cole of
Havermale Island is the fair's
focal point. The site of the
Soviet pavilion is at left. The
circular construction at right
is for the U.S. pavilion.

Would the city—commercial and financial capital of the inland Pacific Northwest—welcome a steelmaking plant, a visitor in the Chamber of Commerce executive's office wants to know.

Wrinkles play across Chamber General Manager George Reitemeier's brow.

After a moment, the reply—delivered with some reluctance, a slightly challenging edge to the voice: "If they can show us they meet our standards. Right now they can't.

"I'm not interested in growth for growth's sake."

Sacrilege? No, a good many American communities are choosy now about industries they will accept.

Spokane, Wash., with a metropolitan area population of roughly 250,000, has a special reason to be particular. It aims to show through a World's Fair next year—"How Man Can Live, Work and Play in Harmony With His Environment."

The century-old city is mustering all its resources and imagination to put on the world exposition—called Expo '74. In the process, it has generated dramatic downtown renovation and economic development.

An industry-initiated companion program—the Spokane River Drainage Depollution Project—incorporates private and governmental efforts in an attempt to eliminate pollution throughout the entire river basin.

Expo '74, which will run from May through October, will draw five million visitors, it is estimated by Economic Research Associates, a world's fair consulting firm in Los Angeles.

Leading the list of exhibitor nations (in addition to the United States) are Russia, with a pavilion



more than an acre in size; Japan; Mexico and the Republic of China—with Red China a possibility, though unconfirmed at this time. The domestic roster is headed by such industrial giants as: General Motors, Ford, General Electric and Kodak.

But something more than a world's fair is going on in Spokane. Beyond the exposition site, new high-rise buildings—banks, office towers, retail stores, parking structures, hotels—are lifting the city to a new economic plateau.

Local businesses have not only undertaken enterprising projects individually, but they have joined to support a package of new business taxes needed to finance Expo '74. In addition, the central business district approved the largest local improvement district (LID) in the city's history for installing new street lights and sidewalk furniture, and planting hundreds of curbside trees.

"Where else," asks Expo Board

Chairman Roderick A. Lindsay, "have you heard of businessmen voluntarily imposing higher taxes on themselves—not once, but repeatedly—to pay for something for the betterment of the whole community?"

Per capita, downtown businessmen are perhaps spending more on re-establishing a dynamic city center than in any other medium sized city in the country, Mr. Reitemeier says.

Mr. Cole is merry

In the words of Expo's president, a large and ebullient man with the improbable name of King Cole:

"Expo '74 is a vehicle to realize Spokane's future years ahead of time by reclaiming and developing the downtown riverfront. As such, it is the catalyst for rebuilding and expanding the central business district."

The fair was Mr. Lindsay's idea, conceived during discussions a few years ago on how to celebrate the

FRANK BARTEL, author of this article, is a business writer for the Spokane, Wash., Daily Chronicle.

Hi, Ho, Come to the Fair... *continued*

city's centennial. There was no means of securing state or federal participation in a local observance, so he suggested an international one, with an environmental theme.

The business community anted up \$1.2 million "seed money" to get the wheels turning.

Two awesome obstacles loomed. One was a new national statute setting forth criteria for federal approval, designed to test the worthiness of any world's fair proposal and the sponsor's ability to carry it out. Expo '74 was the first fair screened under the new regulation. Even more arduous were the rules of the Bureau of International Expositions in Paris, France.

The BIE registered Expo '74 in November, 1971, making Spokane the smallest city ever sanctioned for a world's fair. President Nixon announced U.S. approval in February, 1972; the Soviet Union announced participation in May, 1972.

Having satisfied the authorities that Spokane was capable of staging the spectacular, the city now had to prove it on the site—which hadn't yet been acquired. Much of it was occupied by tracks and trestles of three railroads—the Union Pacific, Milwaukee Road and Burlington Northern—which were asked to move and give their land to the city.

With the reduction of passenger train patronage and the Northern Lines merger of the mid-'60s, the railroads had already given consideration to relocation and consolidation of trackage at some time in the future.

Why wait?

"Since Expo was to be an international event, it gave us a successful argument to present to the railroads for doing it now," Mr. Cole says, "and it offered economic incentive as well. With Expo, it became certain that adjoining properties they did not donate would have a much higher market value. So it was an effective trade-off for the railroads."

Between negotiations which resulted in the multimillion-dollar land gift, city officials went after federal and state grants-in-aid for open space and recreational development on the riverfront park site.

The business community, in addition to advancing the seed money, and backing taxes on itself for Expo, bought a multimillion-dollar private debenture program to finance Expo operations until revenues started coming in.

"It's amazing," says Mr. Cole, "how many times and ways these people have come through. It is an impressive example of private enterprise urban renewal."

Two and a half years ago Mr.

ex-legislator, the delegation converged on the state legislature.

The lawmakers placed a 25-percent surtax on the cost of corporate licenses in Washington and created a commission to guide state participation in Expo, thus becoming an active partner in the project.

Next, the city's voters were asked to approve a multimillion-dollar bond issue to clear away the railroad tracks and trestles and to otherwise prepare the embryonic exposition's

PHOTO: SPOKANE DAILY CHRONICLE



Contributing to the downtown Spokane boom are these towers being put up by the Washington Trust Bank (left) and Washington Mutual Savings Bank.

Lindsay, Chamber and city government leaders set out to convince corporations and business associations across the state that they could profit through an increase in state business taxes to help finance Expo.

The construction package of \$42 million, Mr. Lindsay said at the time, would create some 4,000 new jobs and generate total economic benefits of \$125 million.

The state's chambers of commerce, the Washington Association of Business and other business groups, labor organizations, and even farm groups, agreed with the Expo delegation overwhelmingly.

Armed with these endorsements, and led again by Mr. Lindsay, board chairman of Lincoln First Federal Savings & Loan Association and an

river site. The measure received a 58-per-cent favorable vote in a special election, but this was less than the 60 per cent required by state law for approval.

Taking an emergency reading of the business community's pulse, trustees of the Chamber of Commerce recommended, and Mayor David H. Rogers proposed, the "unthinkable" (as even its advocates admitted)—a gross receipts tax on businesses and occupations.

Although himself fathering the measure, accomplished through an emergency ordinance, Mayor Rogers called the tax "a lousy one, acceptable only because it is necessary to save Expo '74."

Why, observers asked, did strong-minded businessmen forget their hos-

tility to new taxes and tax themselves? Whence came the incentive to undertake what at this point seemed to most others in the community an impossible dream?

Expo's origins

Some observers see Expo's origins in a planning study by Spokane Unlimited, a business-sponsored downtown district development organization. Mr. Cole came to Spokane in 1963 as its executive secretary after five years as community development director for San Leandro, Calif.

Others place emphasis on a series of Chamber brainstorming sessions.

Only a few months after he came to Spokane in 1970, Mr. Reitemeier, under then-Chamber President James P. McGoldrick, was instrumental in launching 19 sessions involving the total Chamber membership in recharting directions for the first half of the '70s. Out of this came a program described as a Chamber "Consensus for Progress." It identified priorities for the next half decade and efforts needed to achieve them.

Still other observers go back to 1960 and a change from the departmentalized commission form of city government to a council-manager structure with an active, responsible mayor.

First of the new mayors was Neal R. Fosseen, now board chairman of Washington Bancshares, Inc., a financial holding corporation whose two principal subsidiaries are the first and third largest banks headquartered in Spokane. Mr. Fosseen was the first to approach the railroads to ask that they give their riverfront properties to the city.

Spokane, 300 miles from the Pacific Coast, is the center of commerce and industry, finance and culture for thousands of square miles of agricultural, mining and timber lands, commonly called the Inland Empire.

The city's economy is widely diversified, with underpinnings in the area's natural resources, wholesale and retail marketing, the service trades, medical facilities (seven hospitals), small manufacturing and light metals production and fabricating.

The largest industrial employer,

with about 4,000 workers, is Kaiser Aluminum and Chemical Corp., whose regional public affairs manager, Bruce H. McPhaden, is serving his second term as president of the Spokane Chamber of Commerce and is an Expo '74 Executive Committee member.

(Mr. McPhaden's company is spending \$15 million over a three-year period to meet and surpass environmental quality standards.)

The region's hydroelectric power, providing an abundance of economical energy, has been an attraction to industry; distance to major markets has worked against heavy industrial development.

So the question of a new steel plant may be somewhat rhetorical, but it serves to illustrate the environmental spirit guiding economic development in Spokane.

High on high-rises

The first shot in the current building boom came from Washington Mutual Savings Bank, whose board chairman, C. Wally Eldridge, noted that the initial venture in commercial real estate for the \$1 billion Seattle-based financial institution would be a 14-story tower in Spokane.

Not far behind Washington Mutual was home-town Washington Trust Bank, whose block-square retail and financial facility will be topped by another 16-story office tower.

Then came a deluge of downtown construction developments:

- A new block-long J.C. Penney Co. store.
- A five-story expansion of the Crescent department store, now to encompass most of a full block.
- A seven-story retail and parking structure spanning parts of two blocks.
- Announcement that another major firm, Nordstrom's, in Seattle, would join the downtown retail community with a large new store.
- Unveiling of plans for 20-story Expo Towers, a housing project in the heart of downtown designed to complement Expo's environmental theme.
- And a host of other city center projects, as well as new motor hotels.

office buildings and related facilities spreading also to the suburbs.

The capstone of the high-rise boom was the announcement by U.S. Development Corp., a combine of 11 firms, that it plans to erect a 24-story Sheraton Inn adjoining the Expo grounds.

At the Spokane Chamber's annual meeting last February, private enterprise was paid tribute for making a combined capital investment in the city's downtown economic future approaching \$300 million during the triennium 1972-73-74. Recently Mr. Reitemeier revised that figure to "closer to \$400 million."

After Expo, what?

With the boom apparently assured through 1974, the worries of some turn to 1975 and beyond. They ask: Are the big new stores, office towers and hotels simply a buildup for a post-Expo slump?

"A primary legacy of Expo will be the beautiful 50-acre riverfront park," says Mr. Cole. "Residual use of the U.S. pavilion as an environmental data communications center will continue to focus the environmental spotlight on Spokane into the future."

As with federal participation, state involvement in Expo was "tailored" to meet the needs of the community.

"Long-range plans," Mr. Cole explains, "not only called for riverfront development but a cultural center. Normally, the state would be of no help. But by law and tradition the state can participate in world's fairs."

"So part of the state pavilion complex is a multipurpose performing arts theater which will provide Spokane with a post-Expo opera house."

Another business strongman has been working on post-Expo plans. Gov. Daniel J. Evans picked an industrial entrepreneur from Spokane, Luke Williams Jr., a self-made millionaire, to head the commission created by the legislature in 1971 to oversee state participation in Expo. (He and his brother, Charles, own American Sign & Indicator Corp., the nation's largest manufacturer of flashing signs indicating time, temperature and the like.)

On the commission, Mr. Williams set out to double the state's invest-

Hi, Ho, Come to the Fair . . . *continued*

ment in the fair. As he saw it, the legislature's original appropriation of \$7.5 million was solely for construction. In addition to a pavilion, the state needed a \$1.5 million exhibit to put into it.

As it turned out, another \$2 million would be necessary to finish the pavilion in the style the Williams commission settled upon. To protect its investment and make it financially self-sustaining after Expo, rather than a burden on Washington taxpayers, the state also added a convention center to the pavilion's opera house and exhibit hall.

In his most recent appearance before the legislators, Mr. Williams quipped that he'd be back again next year with another request—"So you can tell me to go to hell!"

He says he was serious about going back.

"The state hasn't given us anything yet," he contends. "The Washington business community put up the money to pay off the bonds for the pavilion by supporting the increase in their corporate license fees. I know, because I asked them to do it. But when Expo is over, the state itself will still own the pavilion."

Those who know Mr. Williams take this to mean that he's going back to get a deed to the pavilion for the city.

Others are further nailing down economic benefits to be derived from the convention center; the hotels, restaurants and stores; the park, the opera house and the wide exposure to be gained from Expo.

Plans are being drawn up for a big league effort to book the larger conventions the city will be able to attract and accommodate. There is talk of a major league sports franchise for the coliseum.

Mr. Cole insists "equal credit" with business for the downtown renaissance must be given to local government. Mr. Reitemeier agrees: "We are blessed by a perfect partnership between the business community and area government leaders, who are practicing an economic philosophy dedicated to serving the society of man and preserving his environment.

"In the vernacular of youth, we're putting it all together. And it's working."

END

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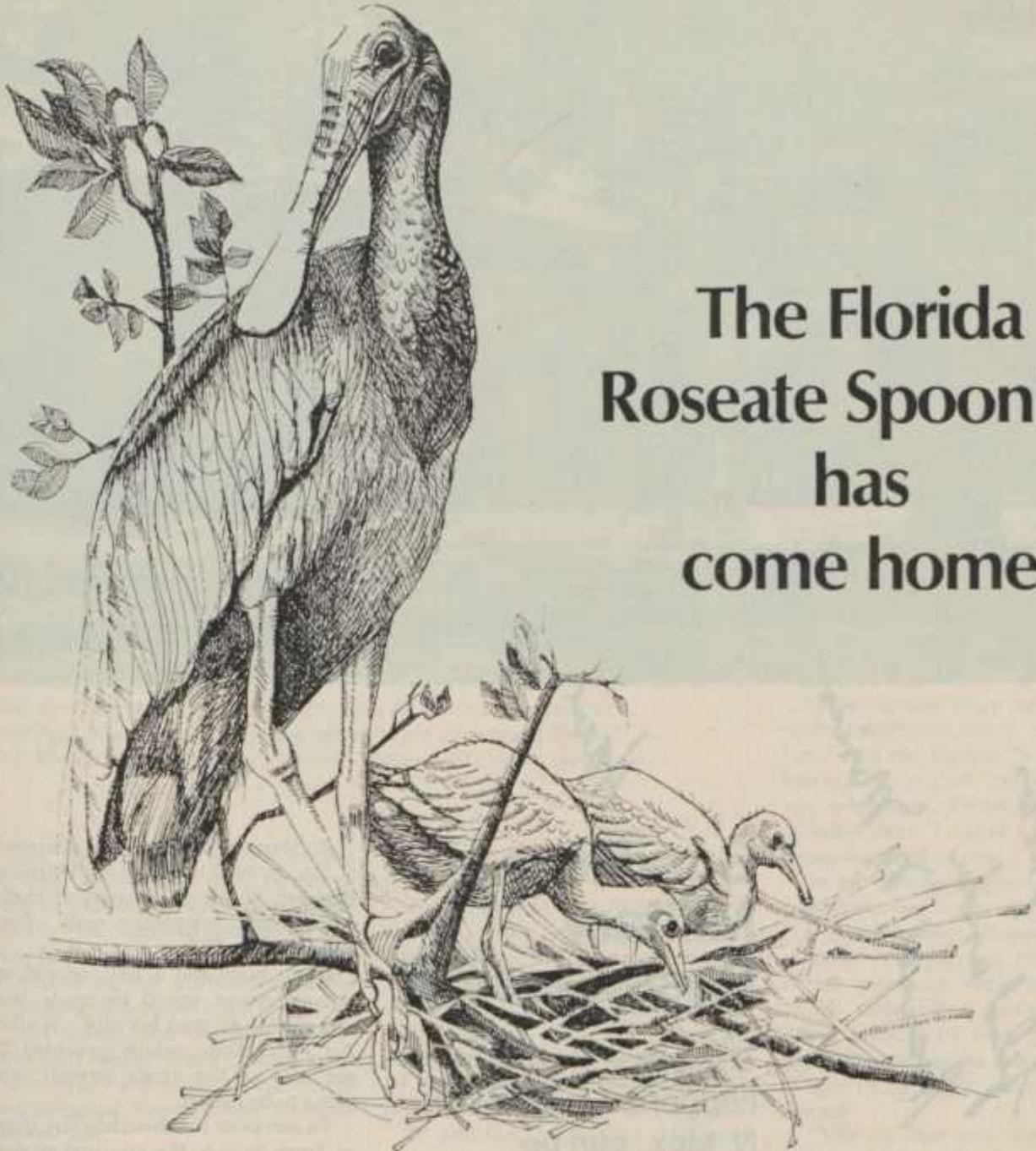
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*filed under
Roswell, N. Mex.*

How

Surviving a Military Base Closing

The story of what happened in Roswell, N. Mex., can be useful for other communities that get those defense cutback notices

At three o'clock on the afternoon of Dec. 8, 1965, Mayor Gail Harris of Roswell, N. Mex., received a totally unexpected telephone call from Washington, D.C.

In an hour and a half, an official announcement would be made that was certain to stun his city—Walker Air Force Base, which provided 27 per cent of the area's payroll, was going to be closed.

To compose his thoughts, the mayor drove outside the city and parked in the low hills nearby. Looking down over landscape made world famous by local artist Peter Hurd, he traced the course of the Hondo River through the city to where it joins the Pecos, then followed it through the valley where in the 1930s Dr. Robert Goddard conducted experiments with liquid-propelled rockets that foreshadowed the Space Age.

The mayor, when he drove back down to the city, had arrived at no clear plan of action, but he knew there was "going to be hell to pay" from angry citizens demanding that he do something.

But what? How?

GOALS

Retirees, seeking the warm New Mexico sun, occupy most of the homes that glutted the Roswell housing market when Air Force families received traveling orders in 1967.



Elite, combat-ready crews of the Strategic Air Command used this building a few years ago. Now the new elite are students of Eastern New Mexico University at the Roswell Industrial Air Center campus.

Over an 18-month period, as the air base was phased out, nearly a third of Roswell's population disappeared. Not only did activity at the base peter out, but so did jobs that depended on the purchasing power of the base and its personnel.

Last spring, the Defense Department sent similar shock notices to 40 communities across the nation. They face the same recovery problem that Roswell did.

Can they recover?

Yes, people in Roswell will tell you, though it isn't easy.

Today, reports the city's current mayor, William F. Brainerd, Roswell's economy is as prosperous as it was in the heyday of the air base, and "we're moving ahead."

Making the comeback

Actually, says one businessman, B.B. Armstrong, president of the Armstrong & Armstrong Construction Co., the city's economy is in "a lot better shape" because it no longer depends so heavily on the government. "Once you get over it," he explains, "you find it's nice not to have

a political ax hanging over your head from year to year."

At the time of that announcement in 1965, there were 4,900 military personnel on the base and 400 civilian employees. Today, 2,300 people work on the site, now called Roswell Industrial Air Center. They are employed by various businesses and by the municipal airport, which has been moved there.

In addition, more than 1,000 students attend classes at a branch campus of Eastern New Mexico University, established in facilities once used by Strategic Air Command bomber crews and support personnel.

Roswell's population, once 48,000 and down to 34,000 in 1970, is making a comeback. It's now estimated at 42,000.

Hundreds of vacant homes—the air base's civilian employees and almost half its military personnel lived in Roswell—have been reoccupied. For seven years not a "speculative" house was constructed in the city. But last May, Joe Key, president of the Roswell Chamber of Development and Commerce, happily an-

nounced that this type of business was once again under way.

"This is a day we once thought would never come again," he says.

And, ironically, the Air Force is coming back. Sometime this year, nine B-52 bombers will rotate in from active bases to stay on the alert at Roswell, sharing the 13,000-foot runway with commercial airliners, and business and private aviation. To support them, 175 officers and airmen will take up permanent residence at their old base.

Meanwhile, prospects for more new firms that will mean 275 more jobs are bright, reports Mayor Brainerd, in private life a lawyer and rancher (he operates the Flying H, one of the state's largest spreads).

It never rains . . .

But for his predecessor, Gail Harris, nothing seemed very bright on Dec. 8, 1965.

"Five minutes after the official announcement was made in Washington," says Mr. Harris, "my telephone started ringing off the wall. There was a constant stream of people for 10 solid days. I didn't eat a meal at home during that time."

In an unhappy coincidence, other important employers were also leaving Roswell then. Roswell was the regional headquarters for a number of oil company exploratory teams which were being moved to other areas, taking with them between 500 and 600 high-paying jobs. Soon much of the city's prime office space was vacant.

"The air base was the cloud that covered the rest of the disaster," says James Clark, then president of Roswell's Security National Bank and now a banker in Albuquerque.

Bill Brainerd recalls one businessman's reaction: "We're going down the tube. There won't be anything left here but swinging doors and tumbleweeds."

Gail Harris remembers the difficulty of appearing confident to his worried constituents. One church group asked desperately: "We've just put on a \$60,000 addition. What are we going to do?"

"You're going to pay it off," Mayor Harris retorted.

Retailers found that nothing could

Surviving a Military Base Closing *continued*

"kill Christmas" as soundly as an early December announcement of a base closure. Reportedly, that year even the service clubs lost money on the sale of Christmas trees.

While the predictable protests went off to Washington, the city's leaders held strategy sessions. Before the new year, Mayor Harris announced appointment of a nine-man Base Community Development Coordinating Committee.

Homer Glover, president of Glover, Inc., a meatpacker which is the largest firm in the area, was named chairman. The company's 390 employees were to see little of him for quite a while. A year later his partner implored a committee member: "Please get Homer interested in the packinghouse again."

Like Mr. Glover, the others on the committee made themselves instantly available. Once-a-week meetings turned into daily sessions. There were visits to other communities that had suffered a similar fate. And from Washington came assistance from the Office of Economic Adjustment in the Pentagon.

Making it happen

Homer Glover's personal philosophy set the tone for the group: "If you want something to happen, you have to go out and make it happen."

At first blush, Roswell didn't have a lot to offer industry, especially firms heavily dependent upon transportation. It was off the main routes. The nearest interstate highway was several hours to the north, though there were good highways to the key points of the compass. A single-track spur of the Santa Fe provided rail freight service.

Predominantly a ranching and agricultural area, the region's most valuable underground resource was an abundant supply of artesian water. Such rich crops of alfalfa are grown each year that it's estimated the area could fatten up to 300,000 head annually on feed lots.

But since 1942 the largest economic factor in the area had been the Air Force and the "permanent" \$60 million base that had been home for as many as 72 bombers.

By early spring the city had decided one thing:



The news in early December, 1965, that the big air base was closing "killed" that Christmas for merchants, but didn't kill Roswell's spirit. Making Christmas decorations is now a full-time business on the base site.

It wanted the air base for an industrial park.

Taking ownership of an air base, the planners recognized, had an element of risk. It would be the same as annexing a highly urbanized-type area equivalent to a fifth of the city of Roswell. The city would have to provide police, fire, road maintenance, sanitation and other services.

And there wouldn't be a single property-owning taxpayer.

Some businessmen questioned the wisdom of acquiring the base, but opposition faded as planning moved ahead. First, the city needed expansion room for its two-year Roswell Community College. The central part of the base, containing near-new dormitories, clubs and office buildings, would be ideal.

The municipal airport, a mile from downtown, couldn't be expanded to jet-airport size because it was encircled by suburbs. Walker Air Base, with its 13,000-foot runway, would give Roswell an airport with as much landing space for jets as any city facilities in the nation. All flying activities and airport operations could move and the municipal airport

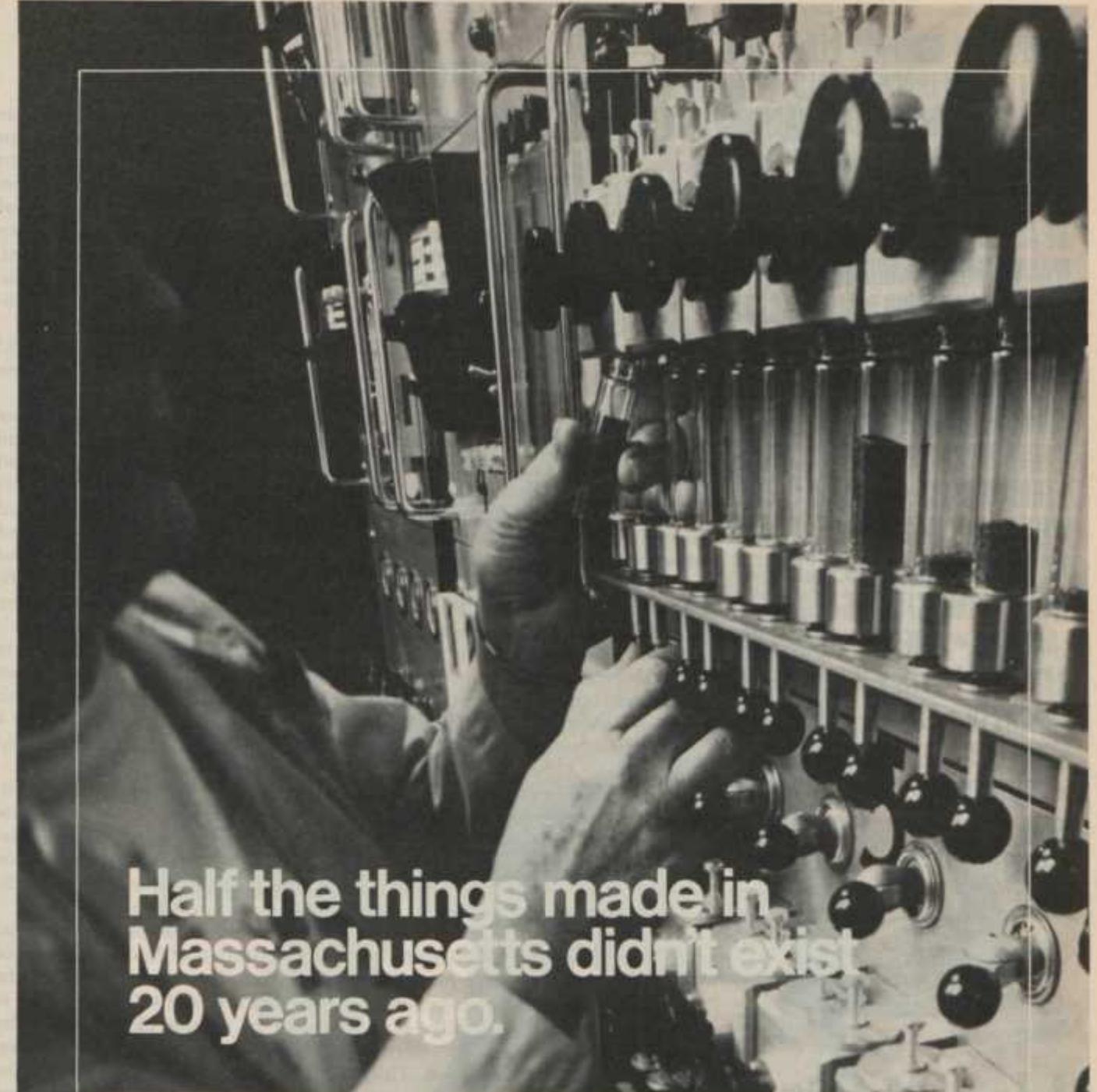
would be used for other purposes, such as police headquarters.

The remainder of the base facilities, such as shops, warehouses, office buildings, laundry, hangars, flight-line briefing rooms, base exchanges, commissary, clubs and storage areas could become sites for businesses. A new hospital on the base could be used by the state as a rehabilitation center.

Late in the summer of 1966, it was recognized that a coordinator was needed for the job ahead. At the time there was, in addition to the mayor's committee and the local chamber of commerce, a very active Roswell Industrial Development Corp., financed by \$250,000 pledged by the business community.

Brought out of retirement on a ranch near San Antonio to tackle this job was a vigorous former base commander, Brig. Gen. William Bacon.

Gen. Bacon knew the base's facilities and he knew how to work through the maze in Washington. And he liked Roswell. Now a Glover, Inc., vice president, he offers these tips for communities facing a similar problem:



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P.O. Box 2100, CALGARY, Alberta, T2P 2M5, Canada.

Surviving a Military Base Closing *continued*

"You've got to have authority to act, authority to deal with government. The mayor gave his committee that by a resolution.

"Secondly, you've got to understand how the federal government works in such situations, and especially recognize that it just doesn't give things away.

"When you go to the final property turnover, go as a team with all the agencies involved and have a consolidated position."

A multipronged effort was planned. State legislation was needed to establish a new campus for the Community College. Eventually it came. The college was transformed into the Roswell branch of Eastern New Mexico University, a two-year co-educational school that would stress vocational training. Ideally, the school would offer a full academic curriculum, but would also train the skilled workers needed for the new industries coming to Roswell Air Industrial Center.

Another effort was directed toward Washington. Although the city was dead set against ever again becoming dependent upon government, there were some activities that belonged at an airfield, such as a regional Federal Aviation Administration office.

On a trip to Washington, it was learned that the Bureau of Indian Affairs was agreeable to establishing an Indian Training Center in Roswell at which a man could learn a vocational skill while he and his family—occupying empty base housing—learned how to live off the reservation. Thiokol Chemical Corp. received a contract to conduct the program and nearly 6,000 Indians were trained before the project died last spring from lack of funds.

Selling the city

Finding industrial tenants was another matter.

Banker Clark, who was active in the search, recalls wryly: "We were novices at the business of industrial development. We didn't know the first thing about it and soon found that it took more than a friendly 'ya'll come'. We figured, though, that if we could just get them to visit Roswell, we had them."

But it was not always that easy.

Levi Strauss & Co. was looking for a place in which to locate a blue jean manufacturing plant, and sent a team to Roswell for three days to assess the labor potential. On the night of the second day, at a cocktail party planned as a victory celebration, Roswell's leaders learned that the interviewing so far had been a complete bust at finding workers.

A company official told Mr. Clark: "There's no way that Levi Strauss will come to Roswell."

The next day, Roswell's newspaper and television and radio stations, and a word of mouth campaign, saturated the city with the message that Levi Strauss was looking for potential employees. To top it off, a sound truck roamed the streets boozing out the message. On that third day, the Levi Strauss interviewers were swamped with suitable job seekers.

The company did open a plant in the city, opened a second one when space became available on the air base and recently broke ground on a \$2.4 million plant off the base that will employ 700.

Mayor Brainerd, who first took office seven months after the base closed, says the key to industrial development is: "Get the cooperation of your bankers." Roswell's, he adds, "have been outstanding."

They were prominent on industrial development task forces that fanned out across the nation starting in the late summer of 1966, flown free of charge in private planes owned by Homer Glover and Donald Anderson, president of the Industrial Development Corp. Mr. Anderson, along with his brother, Robert O. Anderson, board chairman of Atlantic Richfield, operates extensive ranching and oil operations from Roswell, their home town.

Not all prospects were turned up as a result of these trips. Everyone in the city was asked to be a recruiter of industry. Whenever a businessman took a trip, he was loaded down with brochures.

From a salesman came word that the Longhorn Fireworks Co. in Ft. Worth, Texas, was looking for a new home. At the air base was a massive bomb dump that would soon be stripped of its atomic weapons.

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Surviving a Military Base Closing *continued*

that can use a bomb dump," Gail Harris says and Roswell went after Longhorn. A lease was negotiated, and one of the nation's largest manufacturers of fireworks became the industrial park's first tenant, moving in a few days before the formal closing of the base.

To bring in other firms that were not that ready or able to come, some of the area's banks loosened their requirements on financing.

In general, the banks cooperated with one another in trying to bring in industry, but after that it was every bank for itself. As one banker puts it, the basic philosophy was: "Let's get them to Roswell—and then we'll fight like hell for their business."

Often, banks which shared in providing financing for a firm would decide by the flip of a coin which one of them got the firm's deposit account.

A haven for retirees

During the months the base was being phased out, the Federal Housing Administration and the Veterans Administration were overwhelmed by the return of some 2,000 homes. The construction industry dried up and skilled workers headed for other parts.

James Lusk, president of the Roswell State Bank, was one of the founders of nonprofit Roswell Retirement Services, Inc., the city's solution to the housing surplus.

The group pointed out to the FHA and VA that it was costing upward of \$100 a month to maintain each vacant home. Why not invest a nominal sum in an effort to resell those houses? Roswell's sunny climate was ideal for retirees.

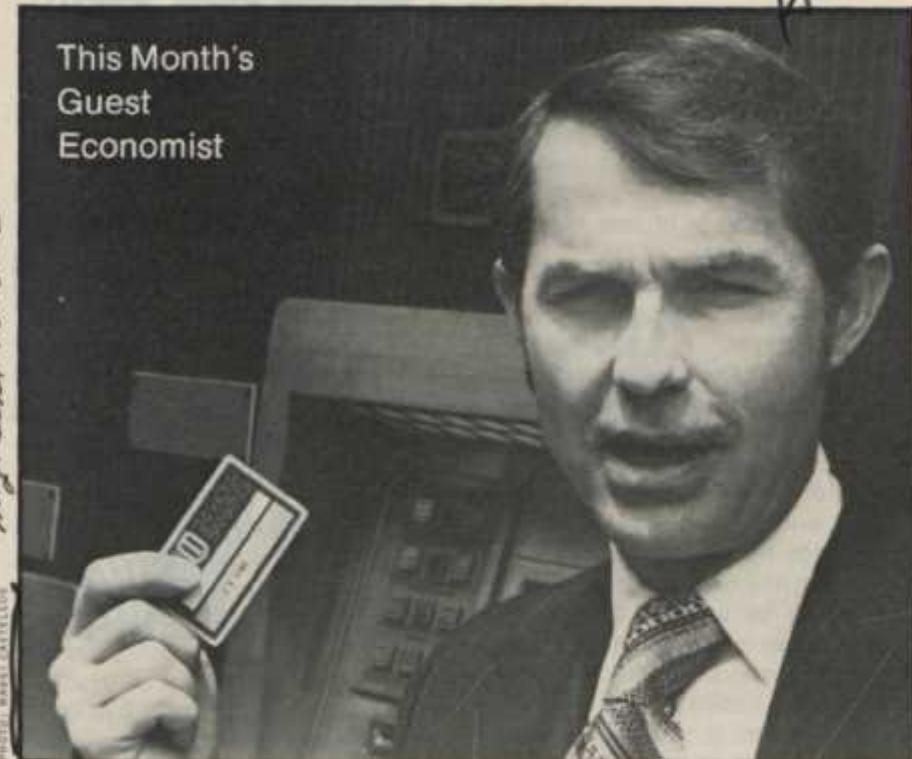
Each agency provided \$6,000 for advertising, and area businessmen came through with another \$30,000. To date the program has resulted in the sale of over 1,200 homes and the rental of another 450 to retirees.

"This program really plugged a hole in the dike," says Mr. Lusk.

But the biggest hole-plugger, of course, has been the development program for the former air base. In addition to the firms already mentioned, Roswell Industrial Air Center also hosts makers of mobile homes,

continued on page 52B

This Month's
Guest
Economist



William F. Ford, director of research and planning for The American Bankers Association. The card? It operates the cash dispensing machine behind him.

Less-Check, Less-Cash Society

During the mid-1960s widespread discussion of dramatic technological breakthroughs toward a "checkless" and "cashless" society captured the imagination of many journalists and leaders of the business community.

Since then, currency in circulation in our economy has grown by approximately \$20 billion, and the volume of checks that go through the banking system has risen from about 16 billion to 23 billion a year. It is expected to reach 40 billion by 1980.

Understandably, this has engendered skepticism in the business world about prospects for development of an automated payments system. Nevertheless, both banks and thrift institutions are now committing substantial resources to the design and development of the key components of the Electronic Funds Transfer System.

In fact, a number of the EFTS' significant elements are already in operation. For example, many major American corporations now routinely arrange to move funds and transmit related financial messages over the

"Bank Wire"—an electronic network connecting 240 banks in 74 cities. And the Federal Reserve System has expanded its capacity to transfer funds electronically among its various facilities over the so-called "Fed Wire." Last year, 9.5 million transactions—Involving \$17.9 trillion—were channeled through this system.

In addition, automated clearing houses—facilities for clearing transactions electronically among banks in a given area—are in various stages of operation or development in our major cities.

The bank card, of course, has also become an accepted part of the payments system and the American way of life. More than 60 million individuals now use these cards. Unfortunately, with current technology these transactions generate a substantial volume of paper work. However, basic changes are now being implemented which eventually will reduce the amount of paper generated by cards.

A key development on this front is the extensive field experimentation

with point-of-sale terminals. These tests involve establishing direct electronic links between retail merchants' outlets and their customers' accounts at financial institutions—to permit instantaneous transfers of funds to merchant accounts when sales are consummated.

Other significant components of the emerging Electronic Funds Transfer System which are visible to the public include cash dispensing machines and a variety of automated teller facilities.

Considering that the total cost of developing a fully mature automated payments system will ultimately be measured in hundreds of millions of dollars, it is interesting to examine the economic rationale for creation of the system.

Clearly, the quest for improved productivity is of paramount importance. Recent studies indicate that the total annual cost of clearing paper checks and using cash in our economy may approximate \$10 billion, or about 1 per cent of gross national product.

At present, the average paper check is cleared through a 10-stage process which involves a substantial amount of "hands-on" labor. Direct processing costs alone are about 16 cents per check. Feasibility studies indicate it should be possible to cut these costs by at least 50 per cent via electronic transactions.

It is also apparent that at least some major components of the automated funds transfer system are being developed for competitive reasons. This is most obvious in the case of automated tellers and cash dispensing facilities. Institutions installing these facilities expect to attract customers from their competitors by providing more convenient services, including round-the-clock access to their deposits.

However, before a more fully developed EFTS can be marketed, some formidable problems of gaining consumer acceptance must be addressed. In addition, a host of legal and regulatory impediments virtually guarantee that the "checkless society" is not just around the corner. In fact, even if the most optimistic projections materialize, it will take five to 10 years simply to stop the growth of paper checks and cash

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Guest Economist

continued

transactions in our economy. After that, we will gradually move toward what might best be called a "less-check, less-cash" society.

In the meantime, the steadily growing volume of electronic transactions will gradually provide significant markets for a number of new high technology industries.

Also, it is quite clear that most types of retail businesses will soon feel the impact of improved EFTS technology in their billing and collection processes. From the merchant's viewpoint, the incentive to cooperate in the EFTS' development is the prospect of sharply reducing check losses and the time required to collect funds from customers.

Most types of businesses will also eventually be affected by the EFTS in their cash management operations. In fact, corporate financial officers can now realistically look forward to the day when it will be considered routine to obtain an instantaneous electronic update of the condition of all their accounts at financial institutions. Moreover, in many major urban areas, large firms are now being approached by banks offering direct deposit of payroll services. This involves preauthorized electronic transfers of their employees' earnings to financial institutions.

Finally—to keep things interesting for the consumer while a suitable replacement for the paper check is being developed—banks are dramatically changing both the packaging and pricing of checking services. In packaging, noteworthy trends include the introduction of ornately personalized and "bounce-proof" checks.

The key development in pricing check services is the trend toward "free" checking. This understandably worries many bankers because it reduces revenue. However, it also provides an added incentive to develop more efficient methods for moving funds. And that, too, adds pressure to the movement toward a "less-check, less-cash" society.

All this, to be sure, is far less romantic than the earlier forecast of a "cashless" or "checkless" society. But like married life after the honeymoon, it also bears a closer resemblance to reality.

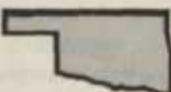
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A Fair Shake for Our Exports—and Our Consumers

The consumer stake in freer world trade is something like the weather. A lot of people talk about it, but practically nobody does anything about it.

There is eloquence galore about the \$15 billion that import restrictions cost the American economy every year and about the perils of adding to this burden.

But few are cogently, coherently, conspicuously and consistently urging the removal of all trade barriers by the economically advanced countries, and a thorough updating of the code of fair international competition.

Even if the President gets the sweeping trade negotiating authority he seeks, negotiations will probably not touch a large number of trade rules and restraints. Many of them will be off limits.

The free trade movement laments the forgotten consumer, and lashes at the misbegotten protectionists. But it is ill-prepared to do with the right message what the AFL-CIO has so ably done with the wrong message—confront the economic and political establishments with a dramatic plea for trade policy reform that is no less radically forward than the AFL-CIO proposal, the Burke-Hartke bill, is radically backward.

Most free traders are more vocal and determined about what they are against than about what they are for. They are aroused by legislated pro-

DAVID J. STEINBERG, author of this article, is executive director of the Committee for a National Trade Policy, in Washington, D.C.



A Fair Shake for Our Exports—and Our Consumers *continued*

tectionism on Capitol Hill—particularly if it would trigger foreign retaliation against American goods and capital.

Largely neglected, however, is the protectionism at the other end of Pennsylvania Ave.—at the White House.

There is only mild opposition to the restrictive agreements the Executive branch negotiates with other countries. Because they are negotiated (actually under threats of unilateral import controls if agreement is not reached), there is no retaliation, at least not directly. It is "peaceful protectionism."

But we fool ourselves if we think these agreements do not sooner or later obstruct our efforts to get freer access to foreign markets for our goods and capital. Moreover, these so-called "orderly marketing" arrangements are euphemisms for the cartels we prefer to associate with an earlier period.

The consumer pays for this kind of protectionism, too. There is no strategy to phase it out.

It may at times be necessary to re-

strict trade in certain products as a marginal part of a program of assistance to an ailing industry. But we have never had such an adjustment policy as a framework for the import restrictions imposed by act of Congress or Presidential decision. And there is no indication we will have it soon.

Half-way measures

For example, we have a textile trade policy (restricting imports by pressuring the supplying countries to restrict exports), but we have no policy to help the textile industry solve its real problems.

The same applies to steel—a steel trade policy, but no steel policy.

Restrictions on cheese imports have been steadily tightened over the years to protect the domestic price support program. But there is no policy both to ensure a strong dairy industry and free the consumer of costly price supports and import controls. These import restrictions have been eased to help reduce food prices, but this is only a temporary measure.

A country that does not under-

stand the wisdom of repealing such import controls is not likely to attract world confidence in the management of its economy and the strength of its currency.

While the President has sought blanket authority to suspend import duties and other restrictions to alleviate shortages and combat inflationary prices, it may take quite a while to get Congress to grant such authority. It would be better, in the face of today's serious shortages and sharp price increases, to repeal import restrictions on those products, on condition that they could be reimposed if found to be essential to coherent, constructive aid for an industry that could prove its need for government help.

If we are to have tariffs and quotas on our imports, we should fully understand for whose benefit they are imposed and not forget who pays for them. The government, on behalf of all the people, should keep an eye on how such help at public expense is used, to ensure that consumers aren't mistreated. Such surveillance over how an industry uses assistance is no more interference with the private enterprise system than is the import restriction itself.

However, this is not our policy today, and there is no indication it is going to be soon.

The trade policy that now appears to be taking shape includes something called "safeguards"—primarily import controls—to protect industries against something called "disruptive imports."

A rose by any other name would smell as sweet. A subsidy by any other name should smell as foul.

The new policy calls for broad Presidential power to negotiate reductions of import restrictions, but also to impose such controls, not only as safeguards against injurious foreign competition but as leverage to induce foreign cooperation.

This leverage can be an instrument for effective progress toward an open world economy, essential to a strong American economy. But it is the riskiest of instruments. Adequate standards are needed. Also required is a credible commitment to an open world economy—a policy orchestration that is clear and con-

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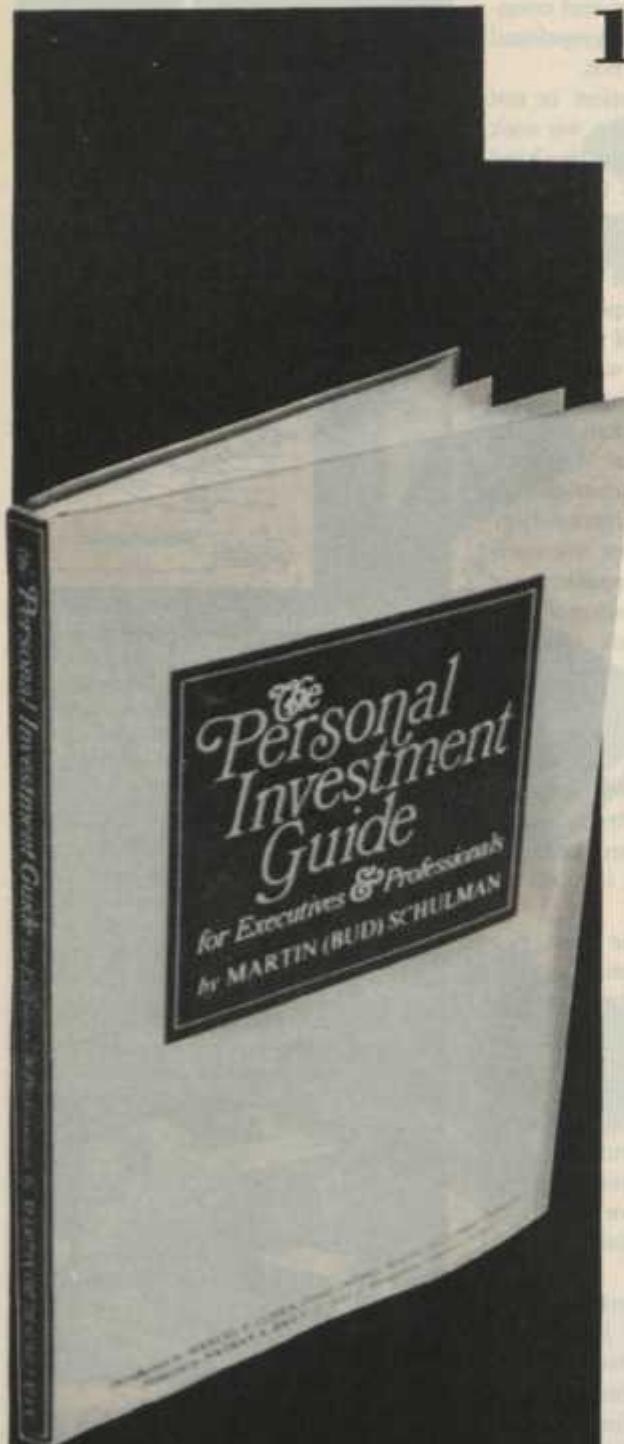
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A Fair Shake for Our Exports *continued*

tion and retaliation, tend to foster.

The dollar would be a more attractive, more dependable currency. Confidence in American judgment would mount. More flexible exchange rates would more accurately reflect true currency relationships, unpolluted by artificial trade distortions. The other balance-of-payments issues would dwindle into arcane subjects for technicians to settle in peace and quiet.

An equitable adjustment program, including a dependable full employment policy, must effectively ensure that a trade policy that is supposed to be good for the consumer is good for all consumers—just as the trade policy that is supposed to be good for the nation as a whole must be made good for every state in the union. It should be an adjustment policy capable of bringing the AFL-CIO's 13 million workers and consumers back to the liberal trade ranks.

A 60-year gap

Making the interest of consumers the primary consideration would produce this kind of policy. We haven't had a primarily import-oriented—hence consumer-oriented—trade policy since President Wilson appeared before a joint session of Congress to urge enactment of the Underwood Tariff Act of 1913.

Much of the liberal-trade community seems ill-prepared to campaign for the kind of trade policy to which its rhetoric should have strongly impelled an all-out effort. It is so hung up on the atrocities of the Burke-Hartke bill (which cannot pass and was never seriously intended to pass) that it seems ready to opt for anything with liberal-trade trappings, even if it is inadequate to achieve a truly open world economy.

The liberal-trade community, self-appointed champion of the consumer, has on the whole not fulfilled its trust. It is floundering in compromise with the more violent forms of protectionism.

Shying away from free trade as a policy goal, it lacks the zest for battle for a deliberate objective whose time has come. Perhaps most of all, it lacks, from the nation's leaders, the kind of leadership it would be certain to follow. **END**

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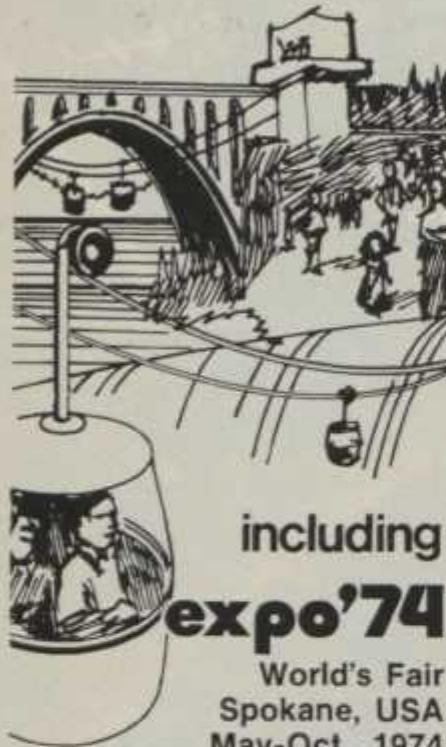
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Surviving a Base Closing

continued from page 44H
electronic products, petroleum industry equipment and Christmas ornaments. In addition, it has a metal and paper fabricator and a food processor. A small chemical plant is in the onetime base laundry.

A former warehouse area is occupied by a regional distribution center for the Army-Air Force Exchange Service. On the airport flight line, a budget motel chain has a centralized supply center. Other flight-line buildings are occupied by charter and commercial flight operators.

Pan American Airways uses the Center for flight training and to prepare for customers the French-built Falcon executive jet it markets in the United States. State and local government agencies occupy space and the city uses the old motor pool quarters for vehicles of its own.

The final challenge

Ninety-five per cent of the suitable buildings are occupied. Thus far, the only new structures are one built by a bank and a flight-line building constructed by the city and leased to FAA for flight services operations.

The city has designated eight locations at the Center for new industrial sites, reports Mayor Brainerd, who explains:

"We're all out of buildings that people want."

In the city itself, some 300,000 square feet of industrial construction is slated to start soon. With an ample, skilled and hard-working labor supply available, the city feels confident it can meet companies' needs.

"We're the hub of an area that has 20 million people," Mr. Brainerd says. "It's just overnight to Dallas, Denver or Phoenix. We're a natural for assembly and distributive industries. I see us as an international air freight center."

Right now, a top project is to find a firm that can use a mammoth hangar, which was used for a time by LTV Corp. for aircraft modification work. The hangar is as tall as a four-story building, and the length of three football fields.

"Not every company can use a place like that," Bill Brainerd muses. "But they said that about a bomb dump, too."

END

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Capt. John Smith discovered Tangier Island in 1608, and it supposedly reminded him of Morocco's city of Tangier. Any resemblance to a mountainous area of coastal North Africa escapes modern travelers, however.



Buoying Up an Island's Economy

Life has always been different on Tangier, a speck of land in the Chesapeake Bay with an Elizabethan flavor; now, it's better

Tangier kids can't enjoy themselves in a lot of ways that other kids can—their island has no theater, bowling alleys, tennis courts.... But there are many simple pleasures.

Kent





PHOTO: DICK BUSKELL

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Wuer

The first man you'll want to talk to if you're interested in what's happening in the way of industrial development on Tangier Island, a speck of Virginia in the Chesapeake Bay, is Edward Parks.

After all, he's head of the Tangier Island Development Co., which with government help financed the island's first industrial venture, a seafood processing company, and then went on to other undertakings.

Tangier has a scant 900 residents, and it's only four miles long and a mile and a half wide—and most of it is uninhabited marshland. So you'd think Mr. Parks would be easy to locate.

Think again.

You're told he lives on King St., the island's sidewalkless main drag, which is just about wide enough to hold one vehicle and two pedestrians abreast. You walk past Nineteenth Century-type frame homes, each snugly fenced and some with ances-

tral graves in front yards, until you come to a house bearing a nameplate that says: Edward Parks.

But it's a different Edward Parks. There are, it seems, 14 Edward Parkses on Tangier—including one who recently took over operation of the seafood processing plant.

The man you're looking for—when he's not wearing his hat as an industrial developer, he's wearing another as a physics and chemistry teacher at the island's kindergarten-through-twelfth-grade school—lives two doors away, you learn eventually.

A separate way of life

When you meet him, he invites you to sit on his front porch, speaking in an accent as surprising as those front yard graves. It's a far cry from the type of speech you hear en route to Tangier.

You get there by ferry from Reedville, 19 miles distant on Virginia's Northern Neck, or from Crisfield, on

Maryland's Eastern Shore 14 miles away. In either place, the accents are strictly Southern—the soft drawl, the submerged r's. But on the island, the words come more swiftly, and occasionally in inverted sentence structure. The r's are prominent.

The islanders' speech smacks of the England of Elizabethan times, it's theorized. Whether or not there's an Old World flavor on Tangier, when you step off the boat you're in a different world.

Life there began evolving in ways different from that on the mainland after Tangier's first settlers arrived from the Eastern Shore—one story has it that they walked on ice—in the late 1600s. The only way to make a living was from the water—to this day there are no crops or livestock on Tangier, whose sandy or spongy surface is only a few feet above the level of the salty bay. Islanders became fishermen, clammers, oysterman and crabbers (today, the catch

Buoying Up an Island's Economy *continued*

they're after almost exclusively is crabs).

Communication with the mainland was intermittent. Tangier families married pretty much among themselves, so that even today the same names—notably Crockett, Pruitt and, of course, Parks—pop up everywhere on the island. (Other prominent names: Charnock, Dize, Shores, Thomas, Wheatley and Williams.)

Though the Chesapeake as a whole rarely froze over—only three times in history, islanders tell you—Tangier Sound, the part of the bay that separates the island from the Eastern Shore, did so with some frequency, cutting islanders off because their harbor could only be entered from the sound.

Suitable homesites were in short supply as the population grew—at one time, it was twice what it is now—and each family cherished its own tiny plot of ground. Almost without exception, the homes along the narrow lanes (some so narrow, islanders say, that "if a bicycle met a bicycle, one would have to back off") were fenced in.

Pride in ancestry

Tangier took pride not only in homes but in ancestors—one mark of that pride for many a family was to bury its dead in the front yard, the graves of necessity being partly above-ground because of the high water table, and the headstones of necessity being brought in from the mainland.

War could affect the island—the British occupied it during the 1814 campaign climaxed by their unsuccessful attempt to take Baltimore's Ft. McHenry, which prompted the writing of "The Star-Spangled Banner." But much of what went on in the outside world passed Tangier by.

Slavery? Immigration? Tangier was all white, all Anglo-Saxon, all Protestant.

Technological change? The age of the auto arrived on the mainland, but not on Tangier. The most significant technological event for the islanders was the introduction of the crab pot—a wire trap that made it easier to catch the Chesapeake's succulent crawlers. And that didn't take place until about 1940.



Crabbing, No. 1 occupation for Tangier Island's men, has seldom been very lucrative. But this year, Tangier crabs have sold for as much as \$15 a bushel and \$45 a barrel—20 times prices of a few years ago.

Hear

Finally, the winds of change gathered strength. Many islanders served in World War II and those who returned wanted more of what other Americans had.

Tangier's fences had uniformly been white picket but when an enterprising Sears, Roebuck salesman came ashore, chain link sold like hot cakes. A Rural Electrification Administration cooperative brought the island full-time electricity (until then, homes had current only eight hours a day). A new channel was dredged to the harbor, freeing the island from wintertime isolation because it now could be reached from the unfreezing main part of the bay.

Even the auto arrived, though not in force as it did elsewhere. Streets were widened after property owners donated from one to four feet of their precious land, moving fences back. Today, Tangier, which has a mayor, a five-man council and one policeman, licenses 65 motor vehicles (nobody bothers with state tags). Most are motor bikes or golf carts, though—the volunteer fire department boasts three golf carts bearing pumps

and hoses, as well as one old fire engine, and the island's two taxis are converted golf carts, too.

After the auto, came the airplane. The government built an airport big enough for small planes on Tangier, and though no islanders own aircraft it's now possible for them to be flown to a mainland hospital in a medical emergency. It's also possible for visitors to fly in for duckhunting or fishing, or merely for a sumptuous family-style seafood meal at the island's only hostelry, Mrs. Hilda Crockett's Chesapeake House.

Speaking of medical emergencies, one brought Tangier to national attention in the early '60s. Islanders had been seeking a doctor—they had none—for a long time. The only M.D. who could be lured to Tangier was an immigrant from Japan. He stayed two years, married a local girl, and moved to the mainland. Tangier's search and its subsequent renewed doctorless condition (there's only a registered nurse on the island now, but she's hoping to become a doctor) resulted in newspaper, magazine and TV publicity.

One result: Thousands of tourists in the summer months, most of whom come by ferry, dine at Mrs. Crockett's, and return the same day. The tourist trade has helped the island economy some, but it's provided only a limited number of jobs.

Which brings you back to Edward Parks, on his porch on King St.

"A half-dozen years ago," he says, "many of our No. 1 citizens—our No. 1 watermen—were leaving. They didn't have a market for their crab meat here—they had to take it over to Crisfield. That made other places to live seem more attractive, although the watermen didn't necessarily want to leave."

Also, the crabbers' wives could find no jobs on Tangier if they wanted to supplement the typically meager family incomes. And they resented their husbands' having to put in an extra three hours, after a long day on the bay, traveling to and from Crisfield.

Mission: Get an industry

As Mr. Parks and others worried about an exodus of crabbers swelling the ranks of islanders who had already moved to the mainland—many of them youngsters who had gone to college but could find no opportunities at home—George Delo of the Virginia Governor's Division of Industrial Development arrived on Tangier. His mission, given him by then-Gov. Mills Godwin: Get an industry for the island.

Mr. Delo talked with islanders. They talked among themselves. The idea that emerged seemed a natural: Launch a seafood processing plant on Tangier. Two brothers, Weldon and William Crockett, said they'd like to try running it. But who would furnish funds to get started with?

The next step was to contact the Small Business Administration, which came, saw, and conquered the money problem—in conjunction with islanders.

Since 1958, SBA has run a local development company loan program, in which a community group that comes up with 10 per cent of the funds needed to finance a worthwhile—though risky—enterprise is assured of the remaining 90 per cent.

continued on page 82B

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Be Different— and Get Ahead

Some of the old rules about how to succeed in business are being reappraised; here are some suggested new guidelines that may surprise you



Do you fit the textbook description of an up-and-coming executive?

Do you put in overtime, take work home, butter up your boss, and stick to your desk throughout the day? Are you fashionable? Do you think projects all the way through, and jump at new responsibilities?

Well, then, perhaps you are on the way out—not up! Surprising as it may seem, some business practices—really business folklore—are being reappraised. Read these nonconformist management rules and measure yourself against them:

- *Never work overtime.*

Staying at your desk beyond normal working hours—if habitual—is as poor management of time as any other habit that has lost its meaning.

Working overtime on a routine basis is not evidence you have mastered your job or are doing a better job. On the contrary, it may indicate you have failed to grasp the efficient way to get the job done.

A department manager of a large Midwestern manufacturer was known for his long hours and heavy work schedule. Top management called him "a good soldier," and "our good right arm," but admitted privately that his efficiency was low.

He simply did not produce enough—quickly enough—to give management confidence in him. Other men, who had their jobs done and desks cleared by day's end, were universally held in higher regard.

Exception: Working overtime is, on occasion, absolutely necessary, especially when a project rises unexpectedly and carries with it an inflexible deadline. Then, herculean effort is required—but that should be the exception, not the rule.

- *Never carry work home.*

The papers-in-the-briefcase-to-take-home syndrome works against you more than it works for you. It gives you, psychologically speaking, the rationale to postpone decisions and important reading.

Harvard Business School has always given its students more outside reading material than they could digest, using the material as a device to force selective reading. Managers who cannot discard irrelevant material, or who cannot discern which information is consistently worth their time, haven't mastered one of the fundamental practices of management.

Equally to the point, top managers develop other off-

CHARLES W. DAY, author of this article, is on the Washington staff of the Ford Motor Co.

Be Different—and Get Ahead *continued*

the-job interests. One senior executive of a hard goods firm makes it a point to weave ample exercise and outside activities into his schedule; he maintains that he could not have succeeded without them.

Exception: On rare occasions, perhaps the night before you brief the chairman of the board, you may need to review last minute intelligence, but nothing less justifies the crammed briefcase.

- *Never butter up your boss.*

The day of the office toady, the agreeable executive



with the consistency of a marshmallow, is gone. Successful executives are characterized by the strength of their convictions, if soundly based, and they look for that strength in others.

Recently, a vice president of a prominent national corporation was eased out because he had no character of his own. Trying to please everybody, he ended up pleasing no one; his colleagues never knew where he stood on policy and administration.

Agreement, for its own sake, may prove a short-run expedient, but is likely to be a long-run mistake.

Exception: Some bosses seem to feel specially anointed and require a certain amount of deference. At times such deference may seem prudent, but it should never be a factor when you are making a fundamental business decision.

- *Never stay at your desk all day.*

The Bob Cratchits of business, always on their three-legged stools, passed with Charles Dickens. Managers who arrive at their desks at 9 a.m., and sit there until 5 p.m., are likely to be desk-oriented and not action-oriented.

Creative executives, in sales, research or administration, know that a certain amount of time away from the

desk is essential—not only to refresh acquaintanceships and make calls, but to participate in new experiences. Your boss should always know where you are and how to reach you, but you needn't be chained to your desk.

The key is using time away from your desk thoughtfully.

One manager—a liaison with a government agency—started two mornings each week with a visit to the city's federal building. He found that 20 minutes spent with his counterparts in government were worth three times as much as 20 minutes spent sitting in his office.

Exception: Occasionally, morning staff meetings or other sessions require punctual attendance. In such cases, being present for duty is essential.

- *Never be fashionable.*

One of the less productive characteristics of business is playing follow the leader. In a large Western firm, the chairman let his hair grow and sported granny glasses; vice presidents outdid themselves trying to dress similarly.

Being fashionable in dress is probably harmless, but being fashionable in thought can work to a manager's detriment. In business, as in life, being oneself—within the framework of the company—is essential to getting ahead.



Members of top management are there because they take well-reasoned departures, not because they play it safe.

Management creativity, conviction and courage are sometimes unfashionable at the time they surface, yet they separate those who believe in themselves from those who do not.

Exception: Experience shouldn't be discarded lightly; some procedures and guides are so well documented and so effective that they should be followed scrupu-

lously. In those cases, following the rules may save you from serious error.

- *Never think the project through to its last detail.*

The manager who insists on dotting every "i" and crossing every "t" often is not using his time productively.

Few projects can be planned with such precision, and the sound manager recognizes that a number of alternatives and options will need to be dealt with at crucial stages of any project's life. His job is to keep



those options open, and ensure that his team is prepared to exercise them.

One executive with a reputation for efficiency in planning often asked subordinates for statistics in chart form. When he sensed that there were no data for a chart, he would ask his staff to draw the lines and columns and then find the data.

Then he based his decisions on the optimum alternatives as the project proceeded.

Thinking the project through, making assumptions before all data are in, forecloses options and alternatives and shuts out possible courses of action.

Exception: Certain operations undeniably require strict thinking through, particularly where variables are controlled. Yet, even here, proceeding step-by-step and assessing your position at each plateau can be measurably profitable.

- *Never take on responsibility to show you're willing.*

Taking on responsibility is something every fresh-from-college business major looks toward. He seeks responsibility, recognition and remuneration in that order, and rightly so. But undertaking new responsibility without qualifying oneself for it can do more harm than good.

John Wanamaker, prominent retail executive, is quoted by economic historians as saying that "quality is remembered long after the price is forgotten." So it is with performance.

Doing a superior job on selected items wins plaudits faster than doing a half-baked job on many.

Several years ago a manager for a big U.S. firm volunteered for a world-wide assignment with an eye toward looking good topside. He quickly found he had no qualifications for the assignment, and is currently sitting it out in his old position with a reputation for having struck out. Willingness is no longer sufficient to get a job done—if it ever was—and business leaders are looking for men with proven ability.

Exception: In selected fields, usually where qualified men are scarce, executives with nothing more than willingness sometimes volunteer. But they make certain their management takes the gamble with them and expects a fall or two before success comes.

A manager who is different, in short, is not out of bounds. More often he is a manager who sees a course clearly and pursues it. Abraham Lincoln, who managed the federal establishment during its most difficult days, talked a good deal about the common man. But



in looking for political and military leaders, he turned instinctively to those who were, in every way, demonstrably uncommon.

END

REPRINTS of "Be Different—and Get Ahead" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

Photo by W.



By George... and for the People

A businesslike
private group keeps
Washington's heavily-
visited home "just
as it was when the
general was here"

Scrap lumber propped up the piazza at Mt. Vernon, to prevent a collapse. The graceful arches and delicate posts of the colonnade flanking the historic mansion rotted away while vines grew around and on the mansion itself. The carriageway was thick with weeds, leaving its outline indistinct.

Regardless of the ruin and neglect, all ships in the Potomac River dipped their flags in respect as they sailed past the home of George Washington—even ships of Great Britain, acting on special orders from the Admiralty in London. Gen. Washington may have fought the British, but they recognized his greatness.

The time was the mid-1850s.

Mt. Vernon is run by this staff on business principles which are as stringent as those of any American company. Charles Cecil Wall, resident director, is at the point of the employee triangle. The two people just behind him are Walter C. Densmore, assistant director, and Christine Meadows, curator. Then come horticulturists, office workers, guards and custodial staff members. In all, about 90 people work at the Fairfax County, Va., estate.

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under Wash. Misc.*

May 20th, 1973



Security must be tight where so many items are irreplaceable. Nine large men and three large dogs patrol the acreage. Guards like to tell about "Old Luck," a dog who died a few years ago. He could hear a lock's bolt being quietly slipped at night 500 yards away.



The time is 1799 and you are George Washington, standing in the cupola of the mansion at Mt. Vernon. The green sunglasses, made of isinglass, are your own. . . . Nearly everything about this scene is the way it was just before the father of his country died. Below are the kitchen, kitchen gardens, the butler's house and the circular carriageway to the rear entrance.

Mr. Wall works in the same office used by Washington's managers, who ordinarily were relatives of the general. Washington loved his home but had to spend a lot of time away from it because of war and—later—the Presidency.

Has
By George . . . and
for the People *continued*

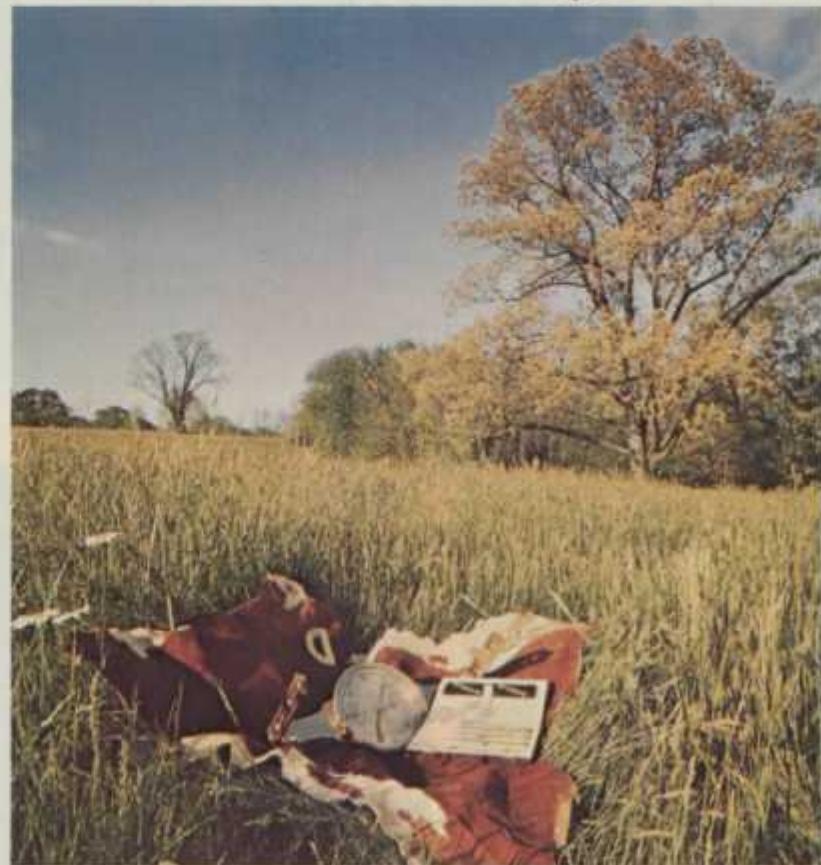


Visitors this year are expected to total about 1.1 million. The big months for visiting are March, April, July and August.

George Washington kept his ledgers in a clear hand. Today, Mr. Densmore oversees an office at Mt. Vernon that has the latest business devices.



Has
This ledger for 1785 shows every penny of income and outgo, even to a six-shilling payment to a London hatter for a hatband for one of Washington's slaves. The general often said slavery was evil, and saw to it that all his slaves were freed at his death. The bit of leather with the brass nameplate saying "G. Washington Virginia" is from a traveling case.



Washington, the gentleman farmer, businessman, soldier and statesman, started out as a surveyor. His sextant and drafting instruments used to delineate his landholdings in the West are at his beloved Mt. Vernon. It's not hard to imagine him giving them a workout on one of the plantation's fields.



Miss Ann Pamela Cunningham saved Mt. Vernon for us.

Today, ships passing in the river still lower their flags, but all else has changed. Mansion and grounds are now in perfect order. Tens of thousands of tourists pay homage every month at the Virginia shrine, historians studying Eighteenth Century Southern plantation life come to see a classic example of where that life was lived, and architects seek at Mt. Vernon old ways to make new houses beautiful.

The transformation is the result of as pure an example of private enterprise as there is in America. No federal or state money, no overseeing by the Interior Department, are involved in maintaining Mt. Vernon.

The owner is the Mt. Vernon Ladies' Association of the Union, which is made up of women from across the country who serve without pay. They meet once a year at the mansion and control operations through four principal officials—Resident Director Charles Cecil Wall, Assistant Director Walter C. Densmore, Administrative Assistant Frank H. Hammond and Curator Christine Meadows.

The founder of the Association—a maiden lady from Columbia, S.C., who in 1858 literally rescued Mt. Vernon from ruin—was Ann Pamela Cunningham.

It was she who saw the need to save the historic estate for the nation after it was offered for sale to the federal government and State of Virginia by John Augustine Washington, a not-very-successful farmer who was a great-grandnephew of the first President. Politicians and civil servants apparently failed to appreciate its value. They turned it down.

Miss Cunningham formed the Association and gathered by public subscription the \$200,000 needed to buy the mansion, outbuildings and 202 acres.

Restoration and reassembling of Washington furniture and memorabilia began in 1858, but soon the Civil War interrupted the work. After the war the drive started again to make Mt. Vernon a perfect Eighteenth Century enclave.

Now, restoration is complete although there is some archeological digging. Additional pieces of furniture or other articles that belonged to George and Martha are occasionally located, purchased or donated, and returned to the mansion. They are put back in the same spots they occupied when the general and his lady lived, died and were buried at Mt. Vernon.

Yearly profits

Operations are on rigid business lines and almost every year a profit is turned, which goes into the reserve fund. There is no endowment, although wealthy Americans occasionally make donations for specific projects such as building a new wall along the Potomac, purchasing memorabilia, financing a special study or archeological dig, or making a major repair.

Income of well over a million dollars a year comes from admissions, sale of literature and of plants raised on the property, interest on investments and miscellaneous sources. At least one year's operating expenses are kept in reserve.

Mt. Vernon's banner year for visitors was 1964, when 1,347,372 people came. Visitor totals stayed in that range until the late '60s, when rioting in nearby Washington, D.C., discouraged some tourists. But there has been a pickup recently. This year's figure is running nearly 6 per

cent above last year's total of 1,036,000 visitors. The nation's bicentennial celebration in 1976 is expected to send visits skyrocketing.

Admission price is \$1.50—it was 25 cents from 1860 until 1947, when it began going up in stages. (That's the adult price—for children 6 to 11 it's 50 cents and younger ones get in free.)

Director Wall insists that the estate be open every day, even Christmas. "That's only good business," he says, "because people may be in the Washington area once in their lives and it would be unfair for them not to see Mt. Vernon."

On Washington's Birthday, now celebrated on the third Monday in February, it's open house at Mt. Vernon and there's no charge for anybody.

Henry Ford's fire engine

The home of the father of his country is one of the most protected spots in America. It has its own fire engine—one donated by Henry Ford Sr. in 1937 that still serves—and there are sprinkler systems in the walls and overhead. Dogs patrol with armed guards, and all sorts of electronic devices can warn of intruders. Planes must stay above 1,500 feet when nearby and are never allowed over the mansion.

About 90 employees work at the estate, many in custodial jobs. Mr. Wall himself, if he sees a candy wrapping, a cigarette butt or paper napkin that someone dropped, never fails to snatch it up and rush it to the nearest trash can. He lives on the grounds, where he first came to work in 1929 as assistant to the then-director's secretary.

"We want Mt. Vernon just as it was when the general was here," Mr. Wall says. "We don't want anything in sight—except visitors and guards—that would surprise him if he were still alive and came home."

This attitude plus good business principles puts Mt. Vernon almost in a class by itself. Out of 3,000 historically significant buildings in America that are open to the public, only a dozen are self-supporting—and Mt. Vernon is one of them. The others are subsidized or run by local, state or federal governments. END



While the Fish Play, the Company Pays

Environmental protection is often a matter of degree; in this case it's a matter of degrees of water temperature—and possibly of temperatures under collars when a utility's customers get their bills

How could it happen?

A respectable company like that dumping millions of dollars into a project which years of research have proven to be unnecessary.

Not only is their planned project unnecessary, it will:

1. Raise prices for the company's customers for 30 years into the future.
2. Lower operating efficiency.
3. Needlessly burn up thousands of barrels of oil annually.
4. And quite likely upset the ecology of the area eventually.

Why? Was it a disastrous misjudgment by management? A reckless,

public-be-damned attitude? A profitmad adventure?

Not at all. Instead, the company is being forced to expend \$16.4 million needlessly—with the risk of future ecological harm and wasted resources—by none other than government pollution fighters.

The company is Tampa Electric Co., or TECO as it is known to its 250,000 customers in its 1,870-square-mile service area in central Florida. TECO is the victim of a pendulum that seems to have swung too far—a pendulum pushed by zealous environmentalists whose purity of purpose can look very different in the bright light of reality.

All over the country, businesses large and small are spending hundreds of millions of dollars to clean up the atmosphere, the waterways and the terrain.

And high time, in many cases. We have only one earth, and it must be kept habitable. But as the famous and long-time conservationist Charles Lindbergh has said, environmentalists who "advocate things that are thoroughly impractical" invite a backlash.

TECO's forced expenditure of \$16.4 million, while a comparative drop in the bucket in terms of the business community's total outlays to curb pollution, is an example of

May 11, '73



Have

filed under
electricityHave filed under
fishing

To satisfy federal officialdom, Tampa Electric Co. must put in a costly water-cooling system at its Big Bend site. There will be a closed pond, and sprayers like these are being tested.

Regulators claim the present cooling system at Big Bend isn't good enough. Maybe so. But even where water is first discharged—into a canal, en route to Tampa Bay—fishing is fine.

how far the governmental pollution control people can go.

The company is a concerned company, eager to do what is necessary to protect the environment. It was this concern that led TECO officials in 1968 to begin a research program to determine what effect, if any, their operations might have on Tampa Bay, where their power plants are located.

The object of concern was heated water from the power plant. In a steam generating plant, water from a river or bay is used to condense the steam which drives the turbines that generate electricity. After the water passes through the plant, it carries

this heat back to the bay or river. However, water at the point of discharge is not polluted and it is not boiling, only warm—about bath-water temperature.

Some like it warm

Some marine species, including oysters and lobsters, seem to live and grow better in the warmer water. But those who feared "thermal pollution" wanted to know if the ecology of the bay might in any way be upset by the discharge.

Today, five years later, a full-time team of six scientists with a private research organization is at work for TECO—measuring, analyzing, sam-

pling objectively and detachedly with the sole aim of determining whether the discharge of heated water from the power plants does any harm to marine life and the ecology of Tampa Bay.

The private research organization, Conservation Consultants, Inc., has filed quarterly and annual reports for three years on the results of its studies. The scientists' disciplines range from chemistry to ichthyology (fish zoologist). Their tasks range from identifying and measuring plankton (a basic in the food chain for marine life) to controlled feeding, measuring and weighing of specific fish species in special tanks fed directly from the

The Company

Pays *continued*

point of discharge of heated water from the power plant.

In the years of study and testing under myriad conditions, involving an expenditure of nearly \$1 million by TECO, this independent group has found no significant adverse effects on marine life from the heated discharge of TECO's plants.

The scientific findings, focusing on TECO's Big Bend plant location, have been assembled in massive reports (printed on recycled paper) and sent to state and federal governmental agencies and interested academic centers.

Summing up in its latest report, Conservation Consultants said, "In considering all the parameters we have recorded in three years of observations, the discharge of thermal effluent . . . has not significantly altered the marine life of the area . . . [and] many organisms, plant and animal, can adapt to and flourish in elevated temperatures."

These extensive findings, however, made little impact.

The Florida Pollution Control Board, pushed by the federal Environmental Protection Agency, last year adopted state-wide rules aimed at removing any possibility of so-called "thermal pollution." The discharged water at new power units should not be more than two degrees above bay or river water, with a maximum of 92 degrees in the summer, the regulators dictated.

Never mind the fact that the water of Tampa Bay, like most other bodies of water, changes by as much as 50 degrees from winter to summer and by as much as 10 degrees from night to day. Also, TECO's researchers have found the ambient (natural) temperature of the bay water varies by as much as five degrees at points only 100 yards apart, and bay temperatures as high as 110 degrees have been measured.

When the new rules were being considered, Tampa Electric Co.'s President H.L. Culbreath testified, representing the combined electric utilities in Florida made up of investor-owned companies, municipalities that generate power and rural electric cooperatives. He termed the rules "unreasonable, unnecessary and arbitrary." He pointed out that



A private research organization's scientists, working at Tampa Electric Co.'s Marine Research Laboratory, have spent years checking on the effect that the Big Bend power plant is having on marine life. The verdict so far: No problem.

Filed under Science

they failed to consider the "characteristics of individual power plants in individual physical settings."

He also said adverse environmental effects will result from the rules, "including increased fuel use, increased air emissions, increased use of valuable land and the rapidly increased loss of our valuable water resources to evaporation."

What he referred to was the fact that his company and other companies would have to use expensive new means to keep from heating the water, employing systems that would waste energy and land.

EPA's costly ukase

TECO first put in a dilution system whereby the water discharged from its generating units would go into a long, U-shaped canal so it could be cooled to nearer the ambient temperature of the bay water.

But the regulators said this system, which cost the company \$5.4 million, wasn't good enough. So, then the company obligated itself to spend \$16.4 million for a system that would suit the Environmental Protection Agency people at the regional offices in Atlanta.

This new system, to be in effect

for the newest unit at the company's Big Bend site, will employ an array of experimental equipment aimed at overcoming any objections the federal regulators can concoct. It will be a closed system employing a cooling pond and spray modules that will cool the water by spraying it into the air. The company already is trying different kinds of metals in the test spray units to see what holds up best against salt water. It will be the first of its kind in the nation, officials say.

TECO says it doesn't mind spending money if necessary to fight pollution. In 1973 alone, it is laying out \$30 million for all kinds of antipollution equipment out of a total capital equipment budget of \$96 million.

"But what hurts is to see spending that isn't necessary," says TECO Operations Vice President James D. Hicks. "The \$16.4 million just isn't necessary. It was a political rather than a scientific issue."

Says TECO's President Culbreath: "We want to do everything that should be done to protect the quality of Tampa Bay. That's why we started our research before the plant was built. What really concerns me and many other utility executives is that



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While the Fish Play, the Company Pays *continued*

we have to spend millions that our customers will be paying for over the next 30 years." That is the period over which TECO will deprecate the equipment.

Mr. Culbreath adds:

"We're a capital-intensive industry. We've got to spend a lot for capital equipment. [TECO's cost of producing electricity has nearly tripled since 1967.] We have to raise that money from investors. Some utilities already have lost their high bond ratings and their earnings have gone down because of heavy outlays. When earnings drop it has to cost more to raise capital. It seems fashionable today to talk about charging something to earnings. But stockholders just won't stand for this."

Obviously if a company doesn't have an adequate rate of return, it can't attract investors and can't raise capital for continuing growth. The cost of raising capital, of course, is an expense like any other, which eventually must be paid by the consumer. And what is the source of the regulatory pressures?

"Everything emanates from Washington," Mr. Culbreath says. "Washington sets the standards and the states try to compete so they won't be criticized."

What a scientist says

"There's great hazard in setting standards," declares one well-known scientist who has been studying the effects of heated water since it was conceived as a potential problem. He is Loren D. Jensen, associate professor of aquatic biology at Johns Hopkins University.

"It is like setting one speed limit for city traffic and interstate highway traffic alike," he reports. "Thermal waste is a very site-specific problem. You can't generalize. It depends on the size of a body of water and a generating system."

Dr. Jensen has studied so-called thermal pollution in many areas of the country. "The studies I've seen do not indicate any catastrophic effects by any means," he says. "Subtle effects might be felt, but it depends on the variables of a specific site. Each system is unique. So it is reckless to set standards for other than a specific site."

TECO's staff biologist, Spencer Autry, has attended many scientific seminars on the subject of thermal discharges.

"Earlier meetings talked of devastation," he says. "But now, after all the studies that have been done, the findings are that change is by no means drastic. In the Great Lakes region, for example, one power company attracted so much marine life that fishing there had to be restricted because it was too much like shooting fish in a barrel."

Tampa Electric's engineers and scientists believe they know what heated water will or won't do. They see the views of federal regulators as based largely on theory rather than fact.

"Some of the EPA people are really opinionated," says one TECO engineer. "One of them knows for a fact that the arrow worm, for instance, can't live in water above 90 degrees. He has proven it in a test tube. But we find them alive and well all the time in even warmer water."

The authority on thermal pollution for EPA's regional office is Charles Kaplan, chief of thermal analysis, Permits Branch, Enforcement Division.

Mr. Kaplan maintains that not even the planned \$16.4 million TECO system has been finally cleared as yet. But he is quick to say that the dilution system now used, and found to be perfectly safe for existing generation units, is not acceptable.

The senior partner

Under 1972 federal water quality legislation, Mr. Kaplan explains, the state will have the job of issuing permits in accord with its standards—"but we at EPA are the senior partner, so to speak."

He says that guidelines to implement the legislation are still to be drafted but that he was a member of a task force which recently met in Washington to start drawing the guidelines.

Asked why the federal officials would not accept the extensive findings of Tampa Electric Co.'s outside research consultants, Mr. Kaplan would not comment. Then he added: "They are not complete. We would

have to monitor additional experiments to decide if a variance would be issued to any standards."

He indicated that the \$16.4 million outlay for TECO's new closed system might well have to be repeated for its units now operating with the less expensive dilution processes.

Monitoring of "additional experiments" presumably would require an outlay of tax money at TECO installations. Mr. Kaplan's agency has already spent a sizable sum in the past year at another location in the state—a plant site of Florida Power Corp., also a big utility company.

The agency wanted more research done even though the state conservation department and university researchers found no danger to marine life there from heated water, the company says.

A lot of oil

Tampa Electric Co. estimates it will burn 60,000 barrels of low sulfur oil annually just to run the spray modules for its needless new closed cooling system. If it has to install additional equipment and add huge cooling ponds for other units, more valuable land will be wasted and salt water drift from the sprays could affect adjoining properties.

Florida Power Corp. Assistant Vice President Joel T. Rodgers calculated the long-run impact of the new environmental standards for heated water in Florida between now and the year 2000 like this:

- If future power plants made no attempt to cool water discharged from power plants, temperatures of only 10,000 to 20,000 acres of the three million acres of coastal waters would be increased by as much as five degrees.
- The use of cooling ponds (such as TECO's future closed system) would affect 400,000 acres of land.
- The increased fuel requirements to compensate for the loss in efficiency would be equal to two billion barrels of fuel oil or 10 million railroad tank cars of oil. And this at a time of shrinking energy supplies.

That's the dark picture of waste and ecological injury in the future if environmental regulators have their way.

—TAIT TRUSSELL

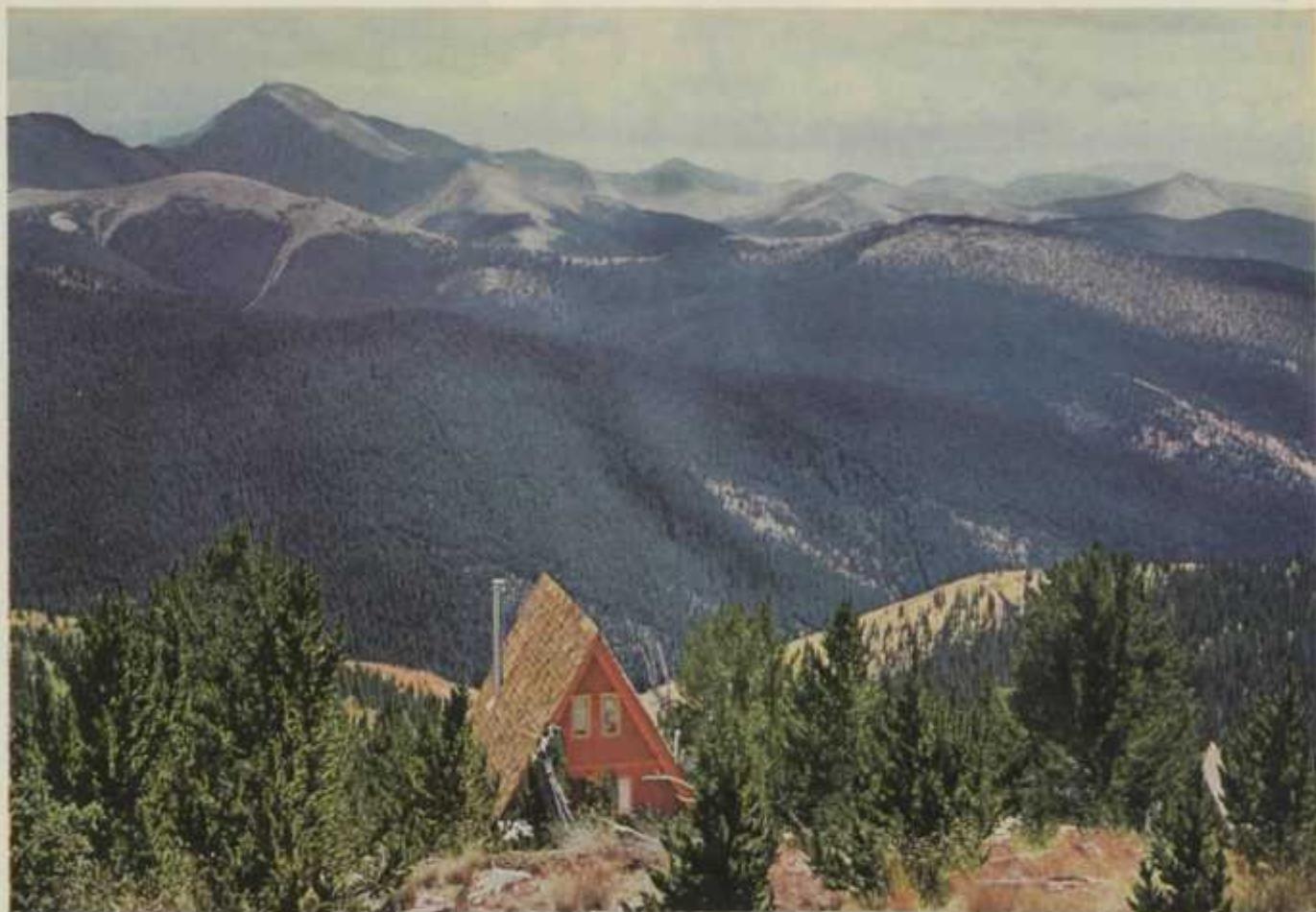


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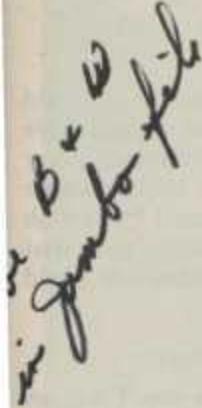
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LESSONS OF LEADERSHIP PART CI

Jay VanAndel of Amway Corporation

Making it big the American way

In 1821, Rix Robinson, fur trader, explorer, lawyer and banker, went into the wilderness of Western Michigan and established a trading post where the Grand and Thornapple rivers come together—the first business created in that part of the state.

Today, about a mile away, a gleaming, 12-sided edifice—the new Amway Center of Free Enterprise—stands imposingly in a rolling, open area of what is now Ada, Mich.

Designed to promote broader understanding of the American economic system, particularly among students, it is a tribute to all our Rix Robinsons.

The \$3 million center is on the grounds of the Amway Corporation, and also serves as corporate headquarters for this major manufacturer of household and personal care products founded in 1959 by two young businessmen, Jay VanAndel and Richard M. DeVos, who grew up in nearby Grand Rapids.

Friends since their high school years, they have put together an enterprise whose sales will exceed \$200 million this year.

Before Amway, they owned and operated a flying school, a restaurant, an import house, a door-to-door bak-

ery delivery service, a mail-order firm and a toy company. Always as a team.

Both attended Calvin College in Grand Rapids, and they are active in the same church. Each is married with four children and they have been next-door neighbors for 20 years. Mr. VanAndel is chairman of the board and Mr. DeVos is president—a ranking which came about simply because the chairman, 49, is two years older than the president.

In this interview, Mr. VanAndel tells how Amway grew from a small basement operation in their homes to a multinational corporation with 200,000 independent distributors in the United States, Canada, Australia and Britain.

How did Amway get its name?

We decided to use the idea of free enterprise—of the small businessman being able to go off on his own. We believed then, and we still do, that this is the heart and soul of the American ideal—to make your own way.

You can start your own business, whether a fruitstand, a farm or whatever, and you can do your own thing in life.

So we said, that is the American way. When we first formed our association of distributors, we called it The American Way Association. When we formed the company, we shortened it to Amway.

And you sell your products door-to-door?

No. In fact, we discourage door-to-door sales. And very few of our people sell that way. We prefer to call ours person-to-person sales, where you deal with friends, neighbors and relatives.

Most of our distributorships are husband-wife partnerships. Almost all of them start on a part-time basis.

Their cost of coming into the business is a sales kit. The kit—and they have their choice—is a \$15 mandatory one plus an optional addition for \$10.

How is the kit used?

The \$15 kit contains instructional literature, sales literature, and a presentation book with color pictures of all the products, which can be shown to prospective buyers. The optional product kit has full-sized packages of several of our major products.

Both kits include plastic carrying

Lessons of Leadership: Jay VanAndel *continued*

cases. The kit tells you how to get 25 retail customers. It also includes a complete sales manual, in which all the products are described, and other material a distributor will need to secure 25 customers.

What happens if a person finds he can't cut it as a salesman? He loses his investment?

On the contrary. Anybody who returns his kit gets a refund. We only deduct the amount of supplies they may have used. Unused saleable product inventory can also be returned for refund. Incidentally, all Amway salespersons are called distributors.

How would you define a typical Amway distributor?

A husband and wife working together to develop extra income.

Any unusual kinds of distributors?

Yes. We have doctors, airline pilots, military officers, dentists, teachers, and many others in various professions—as well as people from almost any walk of life.

Why these people?

Well, obviously they're trying to close the gap between income and the cost of living. Also, by and large, they are people who want to start a business for future security. Take an airline pilot—he turns up with a heart murmur and he's out of a job. A dentist gets a little arthritis in his hands and he's finished.

A good distributor can develop a sales organization. Is that right?

Yes. The first objective is to become a direct distributor. And that's a person who has started other distributors on their way and is moving at least \$7,500 worth of merchandise a month.

A direct distributorship has good growth and income potential as well as long-range security features. With good management, the business expands as you establish more distributors and sell more products.

Do these distributors make out well financially?

We have some top people who are selling \$1 million and more a year

through the sales organizations they have established. Amway distributorships can be very profitable.

Direct selling has come under fire in some states, hasn't it?

Yes, because of the way some confidence-type operators are using a pyramid plan, which is not only unethical but illegal in many areas. Instead of bringing people into a sales business and helping them create a retail market for their products and building a business, they take the jump of selling people the *right to sell* products and teaching them to sell others the *right to sell*. This becomes a confidence game—like a chain letter.

Because there are some bad apples in direct selling, has this adversely affected Amway?

No. We have a government affairs department that spends a lot of time with legislators, and with the regulatory people in the individual states. We have personal contacts with all the state attorneys general. We have written, and helped pass, model legislation governing direct selling. Amway distributors are trained to work within the framework of an extensive code of ethics.

Today, 47 states have some sort of control apparatus to curb pyramid selling. We believe the controls are effective and have produced positive results.

By the way, how did you and Mr. DeVos get together in the first place?

When we were going to high school, I had a car and Rich didn't. It was a Model A Ford. I used to take a number of kids, including Rich, to school. They chipped in to pay for my gas.

Did it appear then that one day you might become business partners?

No, that came about more as a result of World War II when we were both in the Army Air Corps and corresponded and saw each other periodically on leave. By that time, I had a pretty strong feeling of wanting to go in business. Rich did, too.

What did you do after you got out of service?

Like many people, we thought after the war everybody would have an airplane; two airplanes in every garage, you know. So Rich, another man and I bought a small Piper Cub with a few hundred dollars each that we had saved, plus what we could borrow.

All three of you were fliers?

Actually, none of us was. I was an armament and technical officer. Rich was in the glider troops. The other fellow was an aircraft mechanic. But we had some good friends who were fliers and they were getting out of the service at the time.

What did you do with the plane?

That's about the time the GI Bill passed and it paid for flying lessons. So we decided to go into the flight training business. We got some people qualified to be instructors and got a contract to teach flying. Gradually, we acquired more airplanes and at one time we had 12 flying every day.

And you learned to fly, too?

Yes, all three of us, under the GI Bill. But I think one of the reasons for our success is that, basically, we stayed on the ground. Most of the fellows around the airplane business then were ex-fliers and they wanted to be instructors. While they were instructing students in the air, they couldn't run a business on the ground and they certainly couldn't promote the business. We, on the other hand, spent 100 per cent of our time promoting.

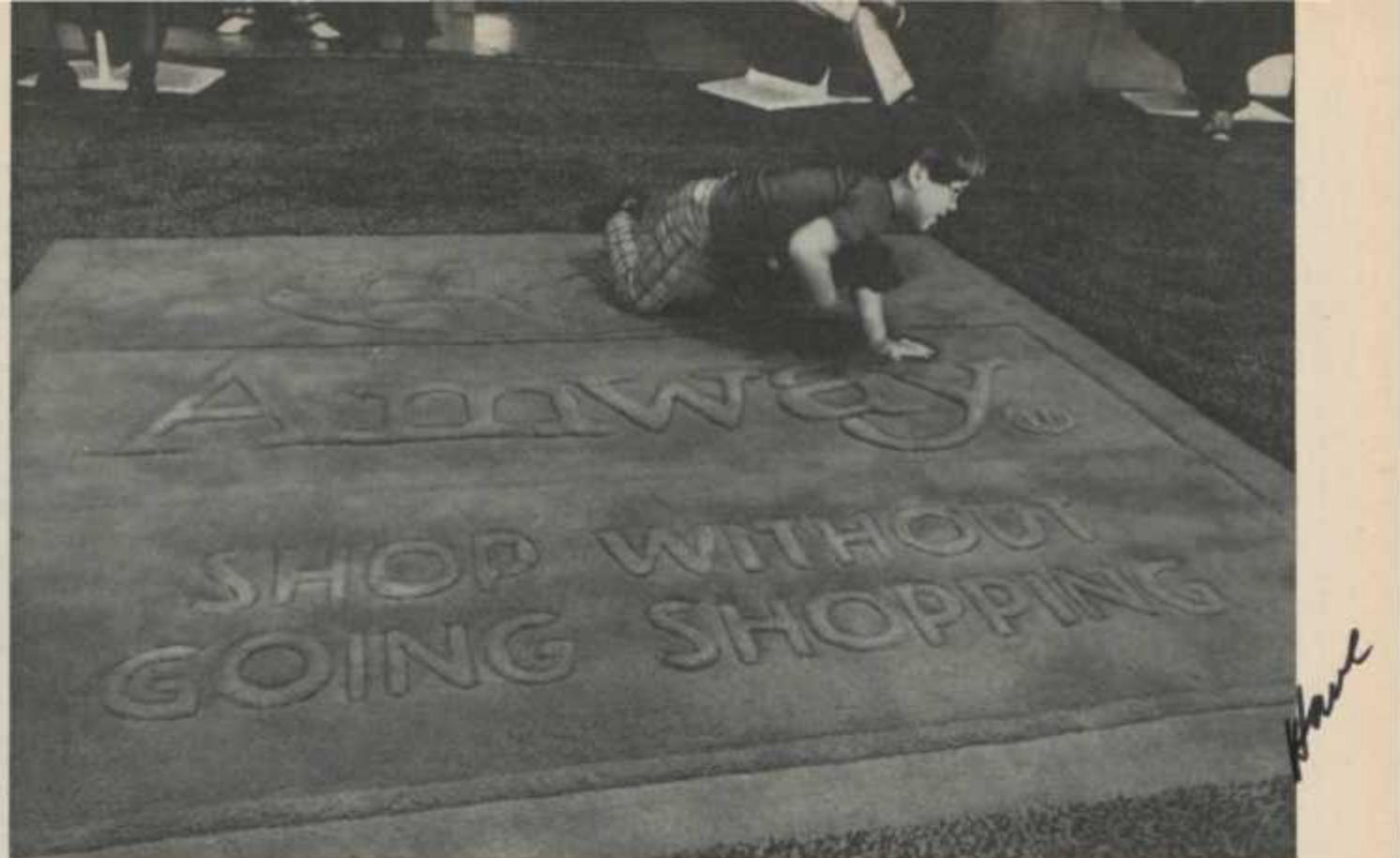
Did you learn something from this?

Yes, and it's been a principle in our business ever since. If you are going to develop a business, you had better not get too involved in details of an operation. You had better stay on the promotion side.

I think that's why many small businessmen stay small. You know, it's like the garage mechanic who likes to stay under the car and the restaurant owner who never gets out of the kitchen.

You got in the restaurant business yourself about this time, didn't you?

Yes, Rich and I had gone out to



Thousands of Amway distributors and their families, including this toddler, visit the company's national headquarters in Ada, Mich., each year. Husband and wife teams are the backbone of the huge Amway sales force.

Rich, Dorothy, and their children

California for a skiing weekend and we saw our first drive-in movie and our first drive-in restaurant there. There was no such thing here in Michigan.

We came back all excited and decided to put in the first drive-in restaurant at the airport where we had the flying school. We started from scratch and ran it ourselves. We used to go to school in the morning, run the flight school in the afternoon, operate the restaurant at night and sleep about three hours.

But it wasn't too long before we decided that the restaurant business is difficult to manage because you must be there all the time in person or it easily falls apart. So we sold it.

What happened to the airplane business?

We got out in 1949. The GI Bill was starting to taper off and so were our customers. Business aviation had not yet taken hold. The immediate prospects weren't too good so we sold the business.

Then what did you do?

Rich and I were young, and not married, so we decided to take a year off before settling down. We had talked a lot about going to South America.

We bought a yacht in Norwalk, Conn., and had it outfitted. We didn't know anything about sailing, but we hired a captain. Rich and the captain sailed the yacht down to North Carolina and I joined them there. Then we sailed down the coast and across to Cuba.

On the way to Haiti, we ran into some rough weather. The boat wasn't as good as we'd thought; it developed some bad leaks we couldn't stop. We radioed for help but apparently weren't heard. We finally did manage to attract attention with some flares and an American freighter picked us up and took us to Puerto Rico.

And that ended the odyssey?

Oh, no. We decided that as long as we had come this far we would just keep going. We spent the next six months in South America, going everywhere and seeing everything.

We got back to Michigan in the

summer of 1949, not completely broke, but pretty low on money. Now it was time, we decided, to get down to serious business.

Rich and I started the Ja-Ri Corp., something we decided on one night in Rio de Janeiro. We felt we should go into the importing business, bringing in some of those exotic products from Latin America.

Our first little project was importing mahogany salad bowls, cups and plates from Haiti, which we sold to department stores.

Was that venture successful?

It didn't succeed all that well and we kept casting about for something more substantial. About that time, a distant relative from Chicago was visiting my parents. He was in the food supplement business with Nutrilite Products, Inc. He showed us some figures indicating how well he was doing. Rich and I decided we'd like to do that, too. So we got in the direct selling business as distributors for Nutrilite.

How did that go?

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Lessons of Leadership: Jay VanAndel

continued

We continued with Nutrilite for 10 years and built one of the largest and most successful distributorships in that company. We wound up having some 5,000 distributors in our organization.

Why, then, did you start Amway?

Things began going badly after about our ninth year with Nutrilite. Some managerial arguments were going on at the top level in the company and they ended up with a big quarrel between the manufacturer and the international distributor, with both going to the distributor sales organizations to try to win them over. It appeared to us that such conduct would ultimately destroy both the company and the distributor organization.

What did you and Mr. DeVos do?

We started an organization made up of those distributors who were affiliated with us in the Nutrilite business. We decided to band together in an association and look for other products to sell.

We began purchasing products from several small companies making cleaning products.

We agreed that to be successful in the direct selling business, where we were involving many part-time people who were not experts, we ought to sell items that everybody uses that don't take a hard sell or a foot-in-the-door type of pitch. Something that the average woman or man who has never sold before can go out and sell in five minutes to friends, relatives and neighbors.

That's why we moved into home products, selling detergents, soaps, car waxes and products of that type. It was a known market with a known need.

How many distributors did you have at this time?

Several thousand came with us when we got started. Amway did well and sold a half million dollars worth of products the first year.

As Amway?

Yes. We first formed an Amway Sales Corporation and then we formed an Amway Services Corporation. Somewhere down the line we

realized we were dealing with some manufacturers we could not rely on, so we bought a half interest in a little plant in Detroit. We changed the name of the Detroit company to the Amway Manufacturing Corporation and started making our own furniture polish and detergents. We moved that company to Ada, beginning the first of over 60 building expansions. Later, we merged all corporations into Amway Corporation, which is privately held by Rich and myself and our wives.

What happened, meanwhile, to Nutrilite?

Last year, we came full circle and decided to go back into the food supplement and vitamin business. We bought 51 per cent—controlling interest—of Nutrilite. The distributor organization was combined into the Amway distributor organization, and the product lines combined.

How do you and Mr. DeVos function today?

Our responsibilities are very similar. We serve, you might say, as dual chief executive officers. There are certain things that I do, where he defers to me, and other things he does, where I defer to him.

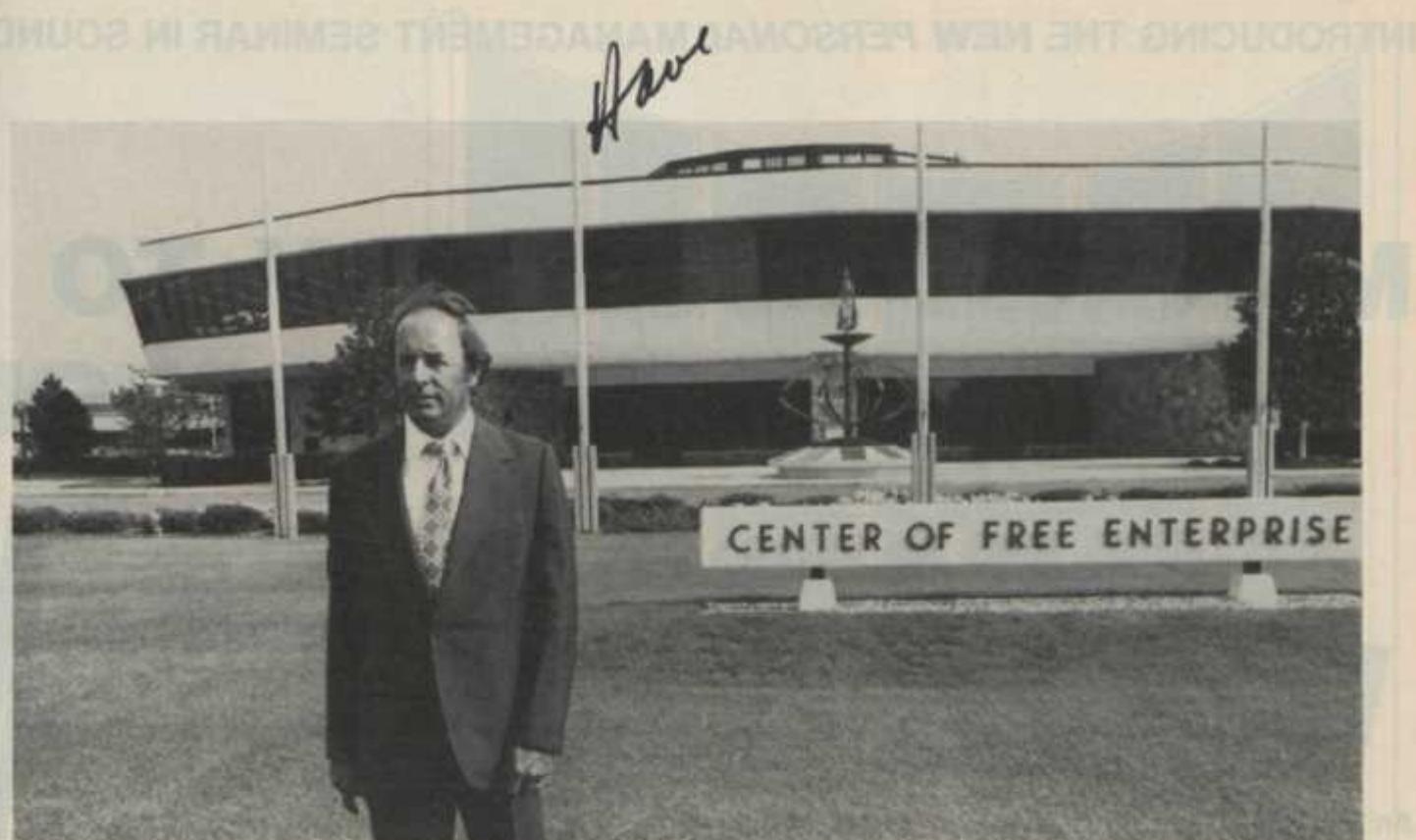
I have always retained personal control over pricing, for instance. Rich has always said, "You just do the pricing and I won't even look at it."

Rich, on the other hand, has always handled internal employee affairs. We have a very elaborate program of employee relations. We have a system called "Speak Up," where representatives from various departments sit down with the president to discuss any matters of concern to the employees.

Tell us about the Center of Free Enterprise.

It all goes back to the American way idea and the name Amway. We know that there is criticism of our free enterprise system, especially in the educational institutions.

We had a chance to acquire the exhibits sponsored by the American Economic Foundation at the New York World's Fair and did. We were first going to build a separate build-



Richard DeVos, president and cofounder of Amway, at the Center of Free Enterprise, which is designed to interpret the American economic system to students and others. The Center also houses corporate offices.

ing, but then we decided to build a new corporate headquarters and put the exhibits in there.

Is it getting much attention?

Many thousands of Amway distributors come in each year. Large numbers of students visit as part of class projects. Thousands of tourists and others in the traveling general public visit also.

The Center also contains the Free Enterprise Institute. What is the Institute's role?

The Institute reaches out beyond Ada, Mich., with educational programs to carry out the message of the free enterprise system. These programs are now in a number of high schools locally and will soon be expanded elsewhere.

The Institute is devoted to providing economic knowledge and consumer understanding for students, teachers and others in influential positions. It also is responsible for the economic exhibits in the Center. A summer training course for teachers in teaching free enterprise economics

has been completed, in conjunction with the University of Michigan and Michigan State University, and others are planned.

Is it your goal to make it national?

Yes. We'd like to develop a mini-course, so we can say to businessmen all over the country:

"Here is a package. You go to your local school, where you are known, and get the administration to accept the package. Offer to fund it and get it going."

The objective is a course that would be given to every youngster explaining how our free enterprise system works.

Do you find your business experiences satisfying?

People ask me why I keep working. I could be enjoying life in Spain or Greece. Rich and I could quit working forever and walk away. But I suppose I would rather operate a business than play golf. It's an enjoyable thing to do.

But there's another aspect. We have in our files thousands of letters

that have come in spontaneously from people who say, "This Amway business has changed my life. All of a sudden, it has brought our family together. We have a purpose in life. We have achieved things we never dreamed possible."

So it becomes a pretty personal sort of thing. You look at it all and you say, "We have a thing going here that is more than just a buying-and-selling operation. It has become a way of life for tens of thousands of people. If this is what we are capable of doing, let's keep it going, because we are benefiting the lives of thousands of people all over the world."

And that's why we keep Amway going and will keep expanding it.

END

REPRINTS of "Lessons of Leadership: Part CI—Jay VanAndel of Amway Corporation" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

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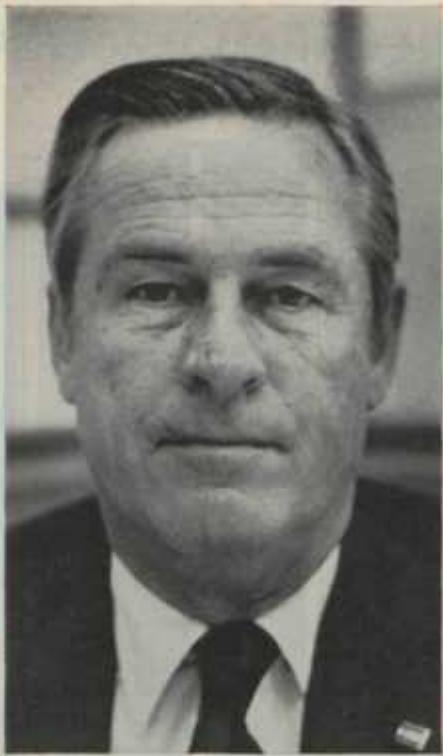
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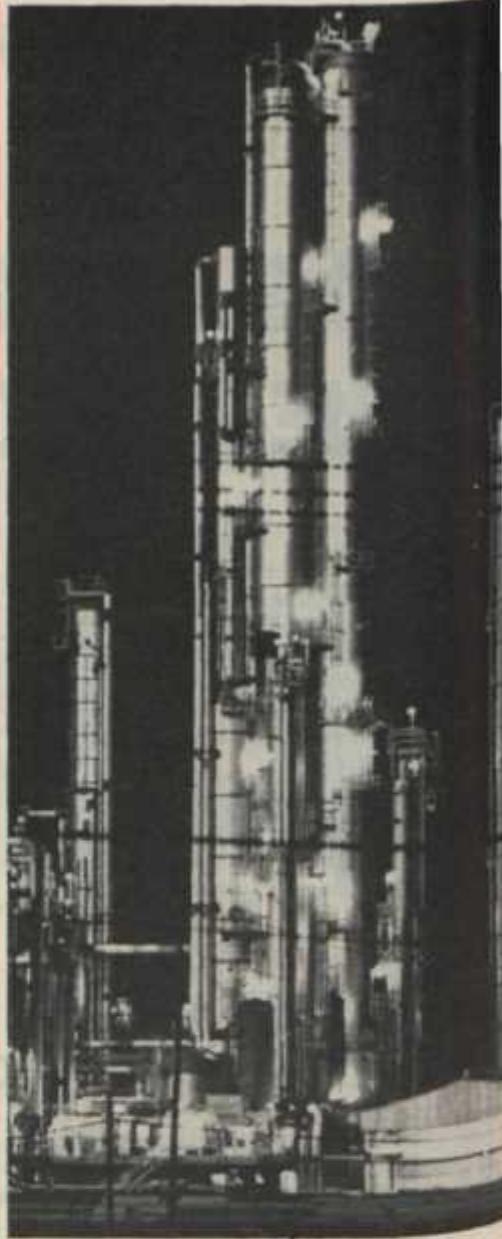


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May 10 '73

The Man in the Middle of the Energy Crunch

What's a nice
Governor like you
doing in a place
like this?

Last summer, Mrs. John A. Love of Denver, Colo., while visiting her parents in Colorado Springs, found herself facing a problem that was vexing many Americans on a Sunday afternoon—out-of-gas service stations and not much fuel in the tank of the family sedan.

To be sure of having enough gas to get home on, Mrs. Love drained the last drop from a lawnmower supply can. In that way the wife of a former Governor of Colorado was able to make a necessary trip.

Many Americans confronting similar energy supply problems were at the time looking toward Washington and her strapping William Holden-look-a-like husband to solve them.

Shortly before she went to visit her parents, Mrs. Love's husband had re-

signed the Governorship in the middle of his third four-year term to become director of the President's embryonic Energy Policy Office, an act Mrs. Love didn't approve of with any enthusiasm.

Mr. Love, 56, came aboard the White House staff July 24, in time to take the spotlight in the clamor

over the summertime gasoline shortages and a possible heating oil and propane gas shortage this winter.

Why the highly popular Governor chose to step down and go to Washington is a puzzle to many, whose descriptions of the decision, depending on their feelings, run the gamut from "accepting a challenge" to "going loco."

In time Mr. Love may agree with the latter characterization because the advisory job he came to Washington for originally may turn out to be one in the most exposed position on the front line of the energy situation, which is growing worse and will continue to do so for the next two years at a minimum—until new domestic oil refineries come on-stream, and assuming an adequate supply of



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*May. 2nd
10-5-73*

Rawe

Middle East Oil. He has already emerged as the Administration spokesman on energy.

On Aug. 9 he announced a program was being considered that if adopted would provide for mandatory allocation of crude petroleum to refiners, and of refined petroleum products and liquefied petroleum gas to wholesalers.

Then as summer waned he announced a proposed regulation that would prohibit switching from coal to oil, or from residual fuels to home heating fuels, by utilities and factories.

Later, he announced plans for mandatory allocation of propane, citing need for the fuel in crop drying and rural home heating. He said propane is in "particularly" short supply

and diversion of stocks of it to industry and utilities would be a hard blow for farmers.

Authority for these actions is based on an amendment to the Economic Stabilization Act passed by Congress April 30.

In addition Mr. Love has confirmed that—just in case the weather this winter calls for more drastic action—the Administration has been preparing standby plans for rationing propane and home heating oil.

Mr. Love hopes the Administration can stick with a voluntary allocation program for fuels other than propane. But Congress is considering legislation that would impose mandatory allocations.

The President noted the urgency of the energy crunch in his second

State of the Union Message to the Congress last month. In this he announced he had directed Mr. Love to meet with Governors to seek their support for temporary modifications of air quality standards currently prohibiting the burning of coal and high-sulfur-content oil by utilities and industrial plants in some sections of the nation.

Air quality standards have been set by President Nixon's Environmental Protection Agency, but some states have set stiffer ones. Talk of relaxing such standards brought some grumbling from Russell E. Train, EPA's new director, who, in effect, questioned the necessity of the move.

In the same State of the Union message, the President urged Congress to move quickly on four of

The Man in the Middle of the Energy Crunch

continued

seven energy bills he has proposed. These would start construction of the Alaskan oil pipeline; spur building of offshore deepwater ports to accommodate the new supertankers that are coming; establish new standards for strip mining and deregulate pricing of natural gas at the wellhead.

Something's wrong

Rarely in Washington is there unanimous agreement on anything but in the case of our energy supply, everyone agrees there is certainly something amiss. Some call it a "problem," others a "challenge," and still others, a "crisis."

President Nixon and Congress seem to be in accord generally on the

type of action needed for the short term and the type of federal government organization desirable to solve long-term problems of the nation in a world increasingly hungry for oil.

Months ago the President took steps to increase U.S. supply and spur new domestic refinery construction. By abolishing oil import quotas he opened the spigot from abroad. With supply increased, U.S. firms quickly announced plans that would in a few years add 2.5 million barrels per day to refinery capacity, now 12.2 million.

But world political situations—particularly in the Middle East—can affect oil imports, and consumer demand grows daily.

Two months after his first energy

message, Mr. Nixon came up with another, spelling out his energy program and creating an Energy Policy Office within the White House. And Mr. Love came to Washington.

Some may call him an "energy czar" but in fact he has little clout of his own. Essentially he is an adviser to the President. He will recommend, then hope the President will use his clout to carry out the Energy Office's recommendations.

Air and breathing time

In addition, he is the very visible middleman, who must use his considerable talent for persuasion not only to get Congress to adopt the President's program, but also to get the Environmental Protection Agency

THE HIGH COST OF SELF-SUFFICIENCY

BY JAMES E. LEE
President, Gulf Oil Corp.



What are the facts and figures that will be involved in the United States making itself relatively self-sufficient in energy in 10 to 15 years?

The sums are staggering, even to those of us who are trying to deal with this vital problem. And it is vital, for if we do not make our country relatively self-sufficient in energy, and very soon too, we are certain to see our national strength eroded and our balance of payments—already badly out of kilter—worsen to a critical degree.

In preparation for a recent seminar conducted by the Center for Strategic and International Studies in Washington, I pulled together some of the broad facts and figures. On presentation they brought forth surprise, and not a few gasps.

It's my personal opinion that as a basic national energy goal the United States should strive to produce 90 per cent of its total energy requirements from domestic sources. Even at this level, oil and gas imports by 1985 would be in the range of \$10 billion annually, or twice the 1972 level. If the United States supplies only 80 per cent of its total energy requirements from domestic sources, oil and gas imports would be in the range of \$18 billion annually. It is unlikely that the U.S. export volume for all goods, \$49 billion in 1972, could be increased sufficiently to offset this high level of imports.

If we are to be 90 per cent self-sufficient in energy, all forms of available domestic energy must be developed as expeditiously as possible. To demonstrate the magnitude of the problem, let me cite some data taken from a report issued in December, 1972, by the National Petroleum Council. This most

comprehensive report culminated a two-year study made at the request of the Interior Department and in conjunction with representatives from all sections of the energy industry and from the government. To meet 90 per cent energy self-sufficiency in 1985 will require the following:

- Domestic crude oil production in 1985—37 per cent increase over the 1970 rate.
- Domestic gas production—37 per cent increase over the 1970 rate.
- Domestic coal production—176 per cent increase over the 1970 rate.
- Four hundred thirty-five additional one-million-kilowatt nuclear power plants.
- Eight shale oil plants, each with a capacity of 100,000 barrels per day.
- Thirteen 50,000-barrels-per-day oil-from-coal plants.
- Thirty gas-from-coal plants, each with a capacity of 250 million cubic feet per day.
- Nineteen one-million-kilowatt geothermal plants.

It is worth noting that as of today the U.S. has no commercial shale oil plants, no oil-from-coal plants, no gas-from-coal plants, negligible

cy to modify its stringent "clean air" regulations.

EPA's policies—and timetables—are seen by many as the most immediate barrier that must be breached to gain short-run breathing time in the race to provide the energy we need when we need it. A giant first step, Administration officials think, would be an easing of regulations so utilities and industry could burn higher sulfur-content coal and oil in power plants and factories.

The long-range cure, as spelled out by the President, is creation of a new Department of Energy and Natural Resources, an Energy Research and Development Administration and a Nuclear Energy Commission, and appropriation of billions for a search

for alternative sources of energy and more efficient ways to use presently available sources.

If Congress would create the new government bodies, the President argues, it would bring together currently fragmented energy policy-making and regulating agencies, and research and development efforts.

Mr. Love and his staff of a dozen experts face very considerable tasks beyond those already mentioned. They'll be responsible for monitoring existing programs, wheedling cooperation out of many agencies now in the field in addition to EPA, and advising the Cost of Living Council.

His job does not have any operational responsibility, says Mr. Love, but it does give him authority to

cross agency lines for a look at what's going on. And even if Congress were to quickly enact the new Cabinet-level Energy Department, he thinks, there would still be a need for a White House Energy Policy Office.

"This is because there would still be several federal agencies and Departments involved in energy matters, although fewer, and so there would be a need for a central energy office providing coordination and integration at the Presidential level," he says.

"In any event we need to reexamine the respective roles of these new agencies in a few years when they have acquired greater operational experience."

Few really expect Congress to

geothermal capacity and only 29 operating nuclear plants at an average size of only about 500,000 kilowatts. Of the energy sources cited above, only increased coal production and increased oil and gas production, assuming accelerated and successful exploration efforts, can add materially to our energy supplies before 1980. The long lead times for installing and starting up facilities for the other sources preclude a significant contribution from them until 1982 or later. Yet such facilities must be initiated promptly if they are to be available at that time.

Estimates of total capital which will be required for the facilities described above are projected to be in the range of \$215 billion to \$311 billion, with an estimated \$88 billion to \$172 billion of these amounts required for oil and gas exploration and production. It is estimated that an additional \$235 billion will be required for power plant construction and transmission facilities, bringing total capital requirements for energy facilities between 1971 and 1985 to a range of \$451 billion to \$547 billion.

Significantly, although the basic technology appears to be developed for shale oil and coal gasifica-

tion, much engineering and process development remains to be done. Environmental problems must also be solved before commercialization is feasible. Acceptable solutions can be developed through the extensive capability of private industry if there is hope of economic reward for the effort.

Government can and must provide the necessary climate for implementing this effort. The technology for the production of oil from coal is in an earlier stage of development. This development should be energetically continued, since it is a potentially important long-range source of liquid hydrocarbons for transportation fuels, lubricants and chemical feed stocks.

On a longer range basis, a federal government-supported research effort should be initiated in such systems as geothermal energy, solar energy, magnetohydrodynamics, nuclear fusion, fuel cells, use of agricultural and waste products for power, tidal power, wind power, ocean currents and thermal gradient power. Other energy-related projects that could and probably should be supported by a federal research effort include automated mining methods, *in situ* fuel con-

version, cryogenic electric power transmission and alternatives to internal combustion engines.

In calling for federal support of the research effort on these energy systems I am not advocating adoption of the program as initiated in S 1283, introduced by Sen. Henry M. Jackson (D-Wash.). A modification of this bill, which would provide help and incentive to private industry to pursue expeditiously the research effort needed, would get results quicker and at less cost.

It's worth pointing out that for each one million barrels per day of oil, produced as crude oil or produced synthetically, or one trillion cubic feet per year of gas produced domestically, either from gas wells or from synthetic sources, the nation could reduce imports by \$1.5 billion per year. Thus this large sum, instead of being transferred abroad, would be used to pay for equipment, labor and services in the U.S. directly benefiting the domestic economy.

In addition to this financial incentive, the establishment of a domestic synthetic fuel industry, even on a modest scale, would greatly strengthen the nation's strategic position.

You've Probably Thought Of A Lot Of Ways To Solve Your Labor Problems

Most alternatives to solving labor problems are very unattractive. Cutting profits and raising prices are hardly the type solutions that businessmen want to accept.

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Energy Crunch *continued*

move this year on the Cabinet post creation, so it is Mr. Love who's generally thought of as the President's "energy czar."

But labeling him thusly, he says, is a distinct disservice.

No buttons to push

"Tag me with that title, and suddenly it occurs to people that whatever the energy problem is, I have the buttons to push to solve it. This certainly isn't true. I am, however, the senior adviser in the Administration as far as energy is concerned. Obviously, any large decisions are the President's. I have the responsibility of bringing him the advice on which he is going to act."

Mr. Love is quick to say that "there are no panaceas, no quick and easy solutions," in the energy field, adding: "We're doing everything we can, but we're not going to be able to produce petroleum supplies that will meet the demand curve."

He has advocated using coal instead of oil to produce electric power in cases where that would mean relaxing environmental protection regulations. The response from environmentalists, including federal officials (notably EPA Administrator Train) has been sharp.

"I'm sure that to a certain extent EPA, by its very charter, is going to be the advocate for the environmentalists," Mr. Love says. "Not that this office is going to insist on spoiling and polluting everything, but at the same time we're certainly going to have the obligation to see to it that government decisions are not made without consideration of the impact they will have on energy supply and demand."

Mr. Love believes he was brought into the White House job because of his experience as Governor in working with many agencies on Hydrate-headed problems. To have brought an oil man in, he says, would have been a mistake.

Conservation by the consumer public is one way to ease the demand and Mr. Love sees a strong public relations role for himself in spurring this effort. (The President announced government agencies must cut their own energy use 7 per cent this year.)

"We have met the enemy and he is

us," Mr. Love says, quoting the cartoon character, Pogo.

What he hopes is that if he can get everybody to recognize the need to cut back voluntarily just a bit, drastic measures won't be necessary.

There have been some rather far-out suggestions to *make* the consumer cut back, such as a gasoline tax hike. This gets short shrift from the energy man in the White House.

While he recognizes the necessity of handling near-term problems, Mr. Love says the major job is planning for the future.

"I think we're pretty well along the way as to recognizing what the problems are, but that doesn't imply that we know the solutions," he says.

"We have the problem of dampening the demand.

"We have the problem of developing alternate sources of energy—and that is primarily the problem of research and development.

"We have the problem of stimulating production, the problem of diversifying and stabilizing our imports."

The answer: supply

He stresses what he believes is basic: "The thing we need to do is stimulate supply. Supply, supply is the answer."

If the government will only pass the ball properly, he believes, the private sector will run with it. "At least that has been the classical task of the free enterprise system," he says. "If there is a profit to be made people have gone and created a supply."

A crisis?

"At the moment it doesn't cut that deep yet, but we're close enough to the top on production that any disruption has the potential of having a domino effect."

A 1941 graduate of the University of Denver Law School, Mr. Love was a highly decorated naval aviator in World War II. He started his legal career, and interest in Republicans at the same time, in Colorado Springs in 1945. He ran for county G.O.P. chairman in 1961—and lost.

Figuring if you couldn't succeed in politics at the ground level, you might as well try the penthouse door, he ran for Governor in 1962—and won. He earned respect from his

fellow Governors, serving as chairman of the Governors' Conference. And he was considered a good bet for another term as Colorado's chief executive had he chosen to run.

An optimist in his new job, Mr. Love doesn't think our energy difficulties are too tough to handle.

"I'm not really ready to come down and say that the only solution

and Development Administration would be an independent agency responsible for developing and operating technological programs to meet the nation's future energy needs. The third new organization, a Nuclear Energy Commission, would license and regulate nuclear power facilities.

Two familiar government names—the Interior Department and the

OIL "INTERESTS"

Does John A. Love have concerns in the energy supply field aside from those he has as a government official and consumer?

He was described by a biographer some years back as having oil "interests."

Mr. Love, somewhat sheepishly, says now: "I guess I was bragging a little."

He explains that many years ago he "made my contribution" to a risky wildcatting venture, and the result "was a minor interest in a gas well, which I've since sold, and a 300th override on top of—I think—a 300th override." That remaining small "interest," he says, is in the process of being disposed of.

is a major change in our way of life," he declares. "I still come down on the side that man has been really innovative and adaptive down through the years and that given time and awareness of the problems and with leadership, we can survive.

"Maybe we won't be able to double our petroleum usage every 10 years, like we've been doing, but nevertheless we'll be able to carry on the standard of living and life style we're used to."

Whether he's right depends a great deal on what happens to the President's energy proposals and some of Congress' own.

Under the proposed Department of Energy and Natural Resources there would be five line administrations: Land and Recreation Resources; Water Resources; Energy and Minerals; Oceanic, Atmospheric and Earth Sciences; and Indian and Territorial Affairs.

The proposed Energy Research

Atomic Energy Commission—would disappear.

The basic building block for the new Energy Department would be Interior, plus agencies from the Commerce, Transportation and Agriculture Departments, the Army and the Atomic Energy Commission. AEC would also form the framework for both ERDA and NEC.

To beef up energy research and development, the President proposed a \$10 billion, five-year program starting with the 1975 budget. To accelerate existing programs in this area, he has earmarked an additional \$100 million for this fiscal year.

This month, Mr. Love will give his recommendations to the Office of Management and Budget on how those R&D billions should be spent. They just might touch off the great energy debate everyone expects sooner or later in Congress.

With Mr. Love right in the middle.

END



Sound Advice for Any Executive: Keep Your Blood Pressure Down

Energy Crunch
...
"Don't overlook the small things, Paul," said Mr. Executive to one of his young managers, reminding him about a certain business matter.

"Attention to a detail or two now can save a lot of grief later on."

Then Mr. Executive plucked the last bite of his ample dessert off his plate, washed it down with plenty of coffee, and lit a cigar. He sat back happily and went right on not paying attention to something that could, later on, cause a lot of grief—to himself, his family and his company. The little matter of his health.

One of the most serious health problems in America for businessmen and others is hypertension—high blood pressure. And it is the subject of an intensive preventive medicine campaign now because doctors, led by the American Medical Association, believe such action will pay off. They feel sure that certain measures taken early against hypertension can greatly reduce the risk of serious illness, or death, later on.

The measures are simple, really. They involve what the executive was preaching—attention to details. You, like him, probably pride yourself on checking every angle before you go into a deal. Here is an opportunity to apply that principle to your own health.

How?

Dr. William R. Barclay, assistant executive vice president of the AMA, explains in the following interview:

Dr. Barclay, what is hypertension?

Hypertension is an elevated blood pressure. Blood pressure is the amount of force exerted against artery walls, and there are two parts to it: The systolic phase, when the heart contracts, and the diastolic, when the heart relaxes. Together, they give the

blood pressure reading, such as 120/80. We are more concerned about that lower reading, the diastolic pressure. If it is above 90, we say you have high blood pressure. Incidentally, the cause of most high blood pressure is not known.

How can I tell if I have high blood pressure?

You can't without an examination. Early hypertension has no symptoms. You can have it and feel great.

Then why should I worry about it, or why should doctors?

Because we now believe that treatment in the early stages of the disease will reduce complications later—complications which can result in serious illness or even death. For a long time, doctors thought that mild hypertension did not require treatment, but in recent years several scientific studies have suggested that early treatment is valuable.

This is a national problem; hypertension affects an estimated 23 million Americans. To give you an idea of the scope of the problem, 40,000 people were screened for hypertension in a special program in San Diego County, Calif., and about 30 per cent of them were referred to their physicians because of elevated readings. Now, that is a pretty high percentage.

Are businessmen particularly prone to this disease? You know, we are all familiar with the clichés about hard-driving, tensed-up businessmen.

Certain groups have a higher risk of hypertension. For example, men are more susceptible than women, and blacks are more susceptible than whites. The disease also is usually more serious in blacks.

PHOTO: AVETIS YELLO



Keeping blood pressure down is a blue-chip health tip, says the AMA's Dr. William R. Barclay.

But businessmen are not more prone to this disease than other people.

The important thing, however, is not your occupation. The important thing is that here is a disease you can apparently do something about.

You can do it on your own, or with your doctor's help should you need medication.

On your own, you can strive to avoid becoming overweight.

There is a correlation between overweight and high blood pressure, as well as between overweight and excessive mortality. In men over age 30 the lowest death rate is among those whose weight is below average. Overweight of 30 per cent or more

causes a twofold increase in mortality incidence. Quite often, simple reduction of weight to one's normal range will reduce hypertension without added drug therapy.

In addition, overeating, smoking and too much coffee are risk factors. You can also lessen your chances of being a hypertensive person by relaxing more.

Well, what should I do—have my blood pressure checked the first chance I get?

That's right. If you haven't had it checked in some time, ask your doctor to do so. If it is normal, fine; just get it checked once a year thereafter. If there is some elevation, then your doctor can decide on medication. Usually a person with mild hypertension can get by on one pill a day. This pill is a diuretic, to reduce the amount of water in the body.

You have to take medicine even if you don't feel bad?

Yes, and that's what makes this an extremely challenging job of preventive medicine for us. Say you are conscientious and take your medicine for a year; your hypertension is well in hand and you still don't have any symptoms. Even the most conscientious person can get tired of the routine. And if you are a busy businessman, the program can be even more bothersome, since you have to make sure you have your medicine packed when you go on trips.

What happens if I know I have mild high blood pressure and I just say to hell with it, I won't take any medicine?

We can't say for sure what will happen. But some recent studies, involving people just like you, have



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Sound Advice for Any Executive: Keep Your Blood Pressure Down

continued

impressed the AMA and the National Heart and Lung Institute enough to launch a campaign for early detection.

As I said earlier, those studies indicate that early treatment can prevent later complications. Now the three major complications are stroke, heart disease and kidney disease, and they can be really serious! First,

conditions if you are not treated for your mild hypertension. But the point is that you appear more likely to develop them if you do not take action to protect yourself.

And taking action is the whole idea of preventive medicine. We could just trust to luck instead, but we don't.

We vaccinate our children against

HOW TO RELAX

"Relax," your doctor tells you. "Relax," your wife tells you. "Relax," everybody tells you.

"Great," you say, "tell me how to unwind after one of my 10-hour daily grinds."

Drs. Alfred P. French and Joe P. Tupin of the University of California at Davis, in the *Journal of the American Medical Association*, say there's a method which has proven helpful in treating insomnia, moderate anxiety states and moderate pain.

Here's what to do:

Sit in a comfortable position with both feet on the floor and your eyes closed.

Allow your breathing to become very relaxed and natural, simply letting air flow in and out of your lungs.

Allow the muscles to relax in sequence—legs, arms, shoulders, etc.

Allow your mind to drift, gently, in the direction of a memory which is very pleasant, restful and reassuring.

Now try to "be" in the situation involved in that memory. Don't concentrate on it in the usual sense, but if your thoughts wander off simply bring yourself back, very gently, by presenting the memory to your mind again.

For many people, the method results in an immediate sense of relaxation and well-being, the physicians say.

a stroke—rupture of a blood vessel in the brain—could kill you or could paralyze you.

Second, you could develop an enlarged heart and possibly heart failure.

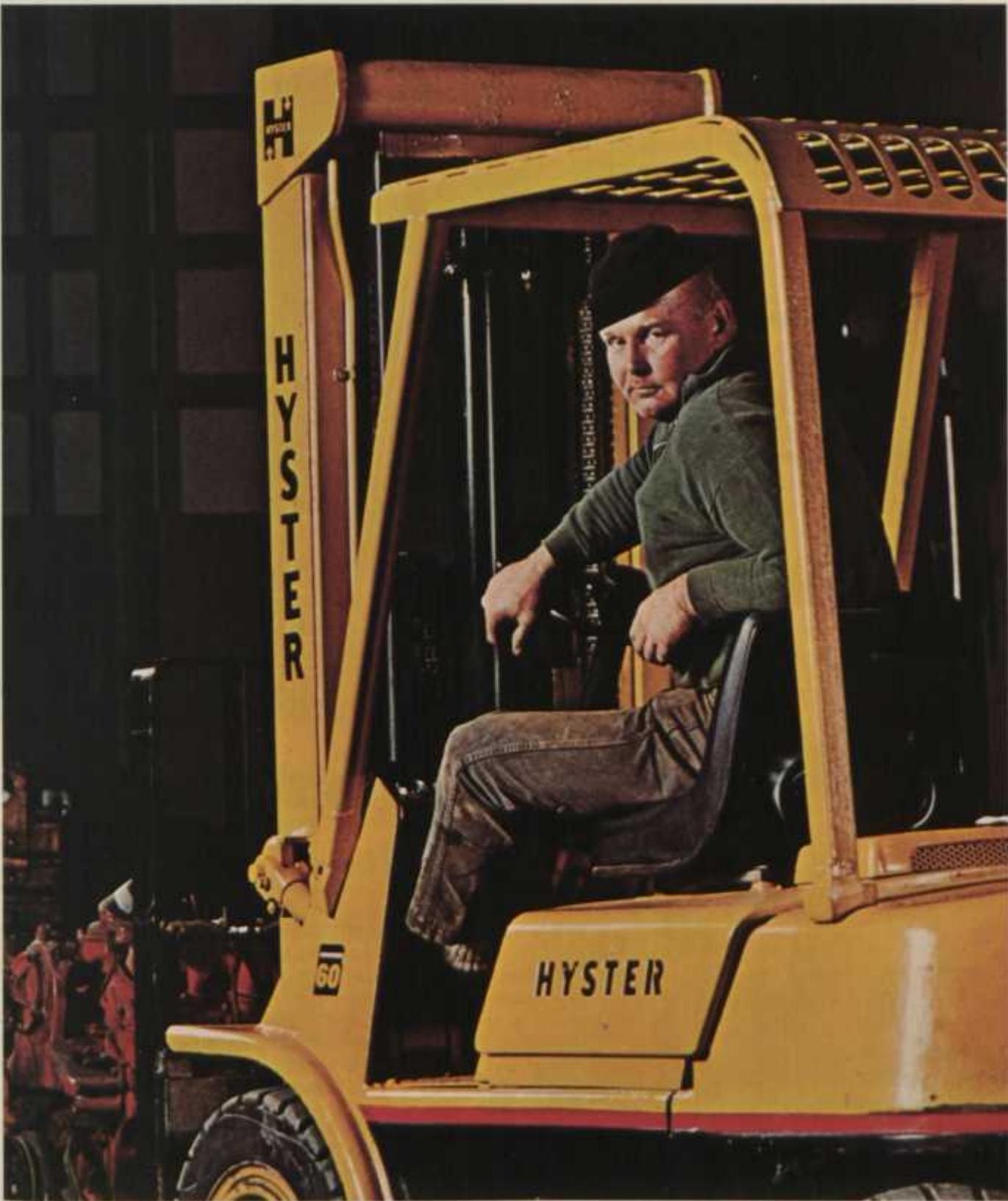
Third, you could go into kidney failure.

No physician can say absolutely that you will develop any of those

polio, rather than trusting to luck that they won't get it. We purify our water, rather than trusting to luck that we won't get typhoid fever.

We do so because those measures protect us, as medical scientists told us they would.

Now, medical studies tell us that treating mild hypertension will help avert serious illness. **END**



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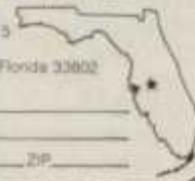
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Buoying Up an Island's Economy

continued from page 52C



The streets are narrow, but then there isn't much traffic, either. And most of the vehicles that ply the streets are pint-sized. Volunteer firemen ordinarily use golf carts equipped with pumps and hoses.

Until a year or so ago, SBA provided the money directly. Now, encouraging more private participation, it guarantees loans by banks.

In all, the nationwide program has seen more than 4,700 loans, totaling more than \$975 million, granted—most of them in rural areas or small communities.

The Tangier loan was far less than the \$200,000 average—some \$70,000, for 25 years at a favorable interest rate. To get it, Mr. Parks and other islanders formed the Tangier Island Development Co. In all, there were 38 shareholders, and they put up \$7,000. The Crockett brothers were to pay them back, with interest, and the shareholders were to repay SBA.

There wasn't to be much of a return for the shareholders, Mr. Parks says, but that wasn't important—"people were so eager to see this business in operation that they would have been willing to give the money."

So, in May, 1971, the Tangier Island Seafood Co. began operations, in a 54-by-32-foot masonry block plant. Its principal product: meat

picked from crabs caught by islanders during a season which starts in spring and ends in fall. As many as 45 local women did the laborious work, putting in a variety of hours (since wives got up with husbands who were off for the bay at 4 a.m., many wanted to go to work themselves, and were allowed to; other women came to the plant later).

The company also had the island's first commercial icemaking equipment—invaluable in a crabbing economy—and it sold ice to watermen.

Checking the exodus

An industry giving employment to no more than 45 people—and not year-round or well-paid employment at that—may not seem like much. But in the small world of Tangier Island, it loomed large.

"A lot of the leaving has been checked," says Edward Parks.

Recently, the Crockett brothers gave up the business. One is now a Methodist minister on the Eastern Shore, the other is teaching there.

The new head of the company,



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The key thing is to get you cash fast. So when business is slow, you can do something besides twiddle your thumbs. And when the Christmas Rush does come, you can enjoy it.

Instead of getting snowed under.

You just got a call from Santa Claus.

He needs another 24,000 Happy Dolls. Ship in 2 weeks. Or they won't make the sleigh.

You need 12,000 yards of that bunny fabric. Tomorrow. And money to pay for it.

You also need 50,000 candy-striped buttons. 8,000 pounds of stuffing. And money to pay for it.

But wouldn't you know it. Your cash is tied up in Halloween masks and accounts receivable.

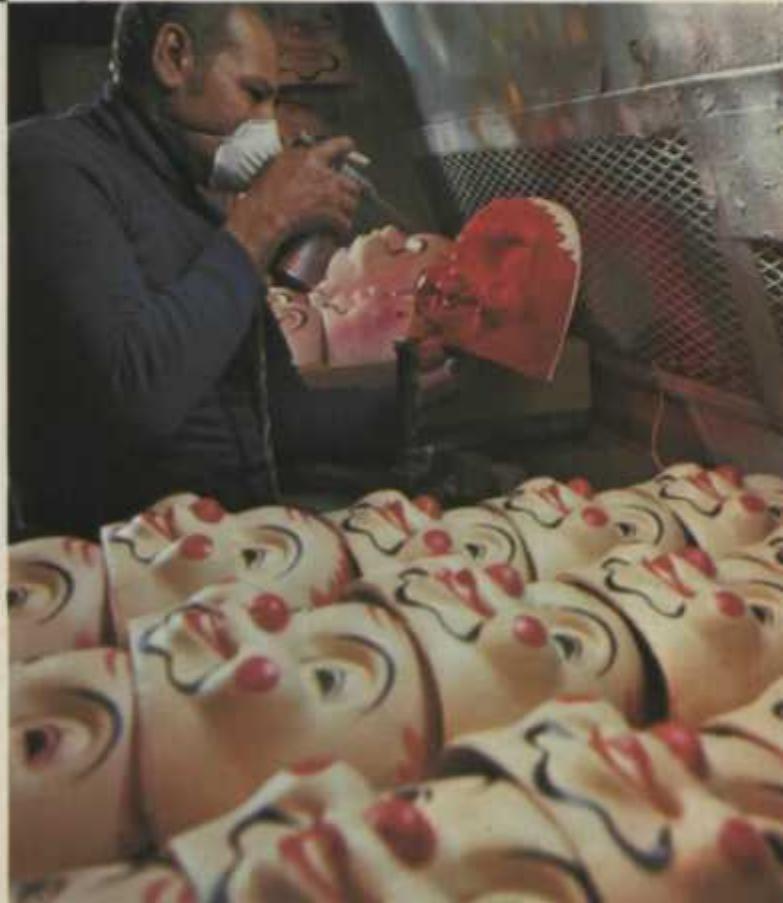
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Still time to call Talcott.



The young governor of the Commonwealth of Puerto Rico chats with students about his hopes for their future

At 36, Rafael Hernandez Colón is one of America's two youngest Governors. When he talks with Puerto Rican students about their country, it is only natural for him to dwell less on Puerto Rico's remarkable accomplishments than on his plans for the future.

"It is true enough," he tells them, "that since I was your age we have transformed our living conditions. We have attracted U.S. industry to Puerto Rico and brought new prosperity to many of our people. We became the vanguard of peaceful economic development, an example for others all over the world.

"But until we can be sure that every one of you will be able to find a good job when you grow up, right here on our beautiful island, and live in a good home, and eat good food every day, and get proper medical care, and give your children a first-class education—until that day we cannot be satisfied with what we have accomplished."

When the students ask how this is to be brought about, the Governor answers:

"Our social objectives depend to a large degree on a strong and vigorous economy. Our

future is tied to continued economic growth."

He tells them about *Operation Bootstrap*, Puerto Rico's economic development program that has brought nearly one thousand U.S. companies to this sunny island. He says that he is committed to expanding *Bootstrap's* incentives and speeding up its processes. As evidence, he cites the fact that in four months in office he signed no fewer than 187 grants of one hundred percent tax exemption for U.S. manufacturers—a rate of more than two each working day.

The Governor calls his program for the future "La era de la buena esperanza—the era of great hope."

These words may be as significant to many a U.S. manufacturer as they are to Puerto Ricans. If you are a manufacturer looking for a plant site, find out what *Operation Bootstrap* can do for you these days. What is helping to bring "la era de la buena esperanza" to the people of Puerto Rico may also bring new profits to you.

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Buoying Up an Island's Economy *continued*

Edward S. Parks—the middle initial of the industrial development organization's Edward Parks is V.—had 20 years toward 25-year retirement in a federal government job, but gave up the job. A marine electrician with the Army Engineers, he had been off Tangier for weeks at a time, in such places as New York, Baltimore and Savannah.

"I was tired of being away from home, from my wife and kids," he says.

"And I'd always wanted to run a business of my own."

He has plans to run a year-round operation, canning oysters in winter.

Meanwhile, the Tangier Island Development Co., with more SBA aid, has made two more loans. One was to Jerry Pruitt, a young man with a flair for building work boats—low-in-the-water, square-sterned, 40-foot vessels which sell for around

\$7,000. Jerry, the word around the island is, has more orders than he can fill.

When he's in full operation, he's expected to have four employees.

And two other men received a loan to fix up and put back into business a grocery store whose owner had died, leaving the island with just one grocery.

Not so small

Small stuff, again, you say. But not so small to folks on Tangier.

And not too small for folks at the Division of Industrial Development over in Richmond, or at SBA, to be proud of.

Tangier people have characteristics not to be sneezed at, says Garland Nicely, an economic development specialist in SBA's Richmond office.

"They're honest," he points out.

(There's virtually no crime on the island. If you stay at Mrs. Crockett's overnight, you're acutely aware that there are no locks on the doors.)

"They're not over-eager for government help, and they're eager to help each other get started in a business—though not to keep holding a man's hand after he's started.

"It may take them a while to understand a procedure, but after they do, they really know it.

"Normally, we probably would have required an architect's drawing for that seafood plant before making the loan. What we got was somebody's sketch on the back of an envelope. But that was all right. If they tell you something, you can believe them."

"When you use the taxpayers' money for something like this, you really feel you're doing something worthwhile."

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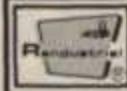
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We're not about to pull out of Southeast Asia.

Somehow the idea of "pulling out" doesn't appeal to us. We've been here since 1954 and our work is far from done. The war, terrorist activities, fear and anxiety haven't helped. But they have strengthened our will to succeed.

The Doctor Tom Dooley Foundation uses your contributions to bring vaccines, teaching and help to thousands. For floating clinics along the Mekong. For x-ray, hospital and lab personnel. But most of all, your dollars bring the greatest gift of all—hope.

The Dooley Foundation depends entirely on private donations. Your donations. It only takes a small amount to build a lot of hope. Ten dollars, for instance, will provide 50 smallpox shots. That's fifty kids who can live with a little less fear of disease.

If you'd like to help—or find out more, write today. And keep giving generously. Until we can pull out of a healthy Southeast Asia.

The Thomas A. Dooley Foundation
P.O. Box 7949, San Francisco, Calif.

the world of industry

continued from page 14H

use in making injection-molded records, reports it came up with a way of more accurately observing record wear, and then developed a longer-wearing type of polystyrene plastic.

About half—an estimated 200 million—of the seven-inch 45 rpm records made each year in this country are manufactured by the injection mold process. Other records are compression-molded from polyvinylchloride.

The firm claims that records made with its new polystyrene formula have twice the wear resistance of records made with conventional compounds. *

The Nation Doesn't Have Its Fill of "Yellow Cake"

The move toward more nuclear power plants, already fought with some success by environmentalists, may be slowed by an even more nagging problem—availability of fuel.

Some 2.4 million tons of uranium ore concentrate (called yellow cake) will be needed as fuel for nuclear plants by the turn of the century, the Atomic Energy Commission says. Lumping known reserves of both high grade and low grade ore together, it says, known resources total 793,000 tons.

Known reserves of high grade ore, producible at \$8 per pound, amount to about 273,000 tons. An additional 450,000 tons of these ores are "estimated to be in known favorable environments," AEC reports, which is to say the ore is probably there, but not for sure.

Some 520,000 tons of lower grade ores, producible at \$15 per pound, are known to exist, with an estimated one million tons "in known favorable environments."

AEC officials believe that use of lower grade ore concentrate would increase costs to the consumer about 6 per cent.

Predicts the Commission: Exploration and production capacity will have to be greatly expanded if the demand is to be met—and it takes several years to find the ore and bring a mine into production. *



Bounding Over the Main

Freight flies now, goes by ship later; and it's 10 days or less from San Francisco to Frankfurt

You almost need to know a new language to deal with container shipments that cross the seas.

You never "pack" a container. You "stuff" it.

You never "unpack" a container. You "strip" it.

"Ro-ro" means such items as cars, trucks, trailers, helicopters, bulldozers, excavators, tractors, cranes, forklifts that can be "rolled on" ships and later "rolled off" for delivery abroad.

"Fcl" means "full container load" and "lcl" means "less than container load."

"Lo-fo" means cargo that is "last on, first off."

The newest phrase is "sea-jet"—perhaps the hottest thing in international shipping just now. Cargos move by jet aircraft all over the United States to East Coast ports, then

*Transportation
all aboard
white
fcl
lcl
sea jet
under container line*

cross the Atlantic on fast, large container ships. The routing can be reversed, with sea-jet cargos coming from European shippers to the United States by sea and air.

American Airlines and Atlantic Container Line tested the service late last year and found it so popular—especially with West Coast businesses—that Eastern Airlines now also offers sea-jet service through Atlantic Container Line.

Between them, the two airlines serve most of the nation's manufacturing centers.

They gather up cargos of "ro-ro," "lcl" and "fcl" items, and fly them to Baltimore, Md., Norfolk, Va., or the New York area—usually to Newark, N.J., whose Port Elizabeth container dock is only about a mile from the Newark airport.

Atlantic Container Line operates a fleet of 10 new ships; it has the largest container operation on the North Atlantic. With so many ships, there is a sailing every two or three days. Crossings to British ports require six days, which is nearly as fast as the blue-ribbon liner, the *United States*,

Big, fast new ships like this one make up the fleet of Atlantic Container Line in the sea portion of the latest "move-it-fast" technique for hauling exports.

used to make it in the heyday of passenger service.

Cargos are delivered, or picked up, at Liverpool, Glasgow, Southampton, Le Havre, Antwerp, Rotterdam, Bremerhaven or Gothenburg. Special trucking services handle cargos on the Continent.

A time-saver

Sea-jet regularly gets freight delivered from as far away as San Francisco to interior European cities, such as Milan, Munich, Frankfurt or Paris, in 10 days or less. One bill of lading sees a cargo to its destination regardless of how many national frontiers it crosses or how many planes, ships, trucks or trains it may travel on.

Costs, of course, fall between all-surface and all-air costs. An example: Charges for a tape recorder shipment from San Francisco, Calif., to Amsterdam via sea-jet are \$32.87 per 100 pounds for a 2,000-pound shipment. All-surface costs would be \$24.82 per 100 pounds. Delivery time is about nine days by sea-jet compared with at least 15 days for all-surface trans-

Bounding Over the Main

continued

port. A 1,000-pound shipment going from Atlanta, Ga., to Le Havre by truck and sea takes 14 to 16 days and costs \$152.16. All-air transport takes three days and costs \$480. Eastern Airlines and Atlantic Container Line carry the cargo across in 10 days and charge \$227.56. Usually the saving by sea-jet compared with all-air is 40 to 45 per cent.

Another advantage of sea-jet is "lo-lo" and this alone can save a full day at each end of the sea voyage when cargos wait for handling.

Raul Artiles, traffic director for Hansen Publications, Inc., Miami Beach, Fla., music publishers, sends 10,000 pounds of sheet music and music books to London every few days. "I get an average eight to nine day delivery," he says, "and costs—considering time saved in not having our money and products tied up—are only 5 per cent or so more than costs of all-surface transportation, which can take up to three weeks. Besides, Eastern Airlines does the paper work, all declarations and forms."

It adds up

Wynn Oil Co. sends additives from California or Chicago, Ill., to Antwerp. "Additives are delivered to our subsidiary in Antwerp two or three hours after docking," says Myrna Carrillo, Wynn's traffic manager in Los Angeles, Calif.

Robert Rhoades, shop supervisor for Addmaster Corp. in Los Angeles, ships adding machines and calculators to Britain and France. "We usually make at least one 20,000-pound shipment per month. Time and cost-wise, the service is excellent," he says.

Emilio Milian of Coen Co., Inc., San Francisco, has used sea-jet four times to send furnace and boiler equipment to a licensee in Holland. He will continue with the service, which saves 10 days over all-surface transport.

It's standard on both sides of the Atlantic for sea-jet cargo to go off the ship and pass through customs before the captain leaves the bridge.

Says Capt. Brian O'Brien of the *Atlantic Conveyor*, a 17,850-ton, 23-knot ship of the Atlantic Container Line fleet:

PHOTO: RAYMOND WILSON—BLACK STAR



Freight from big jet cargo planes is unloaded in ports to make connections for six-day ocean trips.

"It's all so different from the old days of general cargo ships which took days to load and unload. Nowadays, we stay in port less than 24 hours.

"I'll give you an idea how fast it all moves. Several months ago, two helicopters whirled down, kicking up a racket, and landed just by the side of my ship at Port Elizabeth. Mechanics quickly unfastened the rotor blades and the helicopters were rolled into the ship by way of our stern ro-ro ramp.

"We sailed within the hour, made for Gothenburg, reaching there in eight days. The helicopters were rolled out on the dock, their rotors were put back in place, and right away they were in the air from the dock.

"Within two or three hours the Stockholm police department had delivery of the American helicopters."

Big, but swift

Size, versatility and speed of modern container ships puts them far ahead of other freighters that roam the world. On a recent crossing, *Atlantic Conveyor* carried 600 Volvo

cars, a complete automobile racing stable en route to a season of American racing, 650 containers of the 20- to 40-foot length variety and each carrying up to 18 tons, about 50 loaded truck trailers, plus several thousand tons of general cargo.

Cargos were in bulk and small items, some dry cargo, some wet, including thousands of gallons of prime Scotch whisky.

On a westbound crossing late last summer, the *Atlantic Champagne*—another Atlantic Container Line ship—brought over an entire turbo-train built by French engineers for use on American railroads.

Research and development in containerization never ceases because of competition, such as that offered by the 747 jumbo jets which can carry a 40-foot container across the Atlantic in a few hours. Jumbo freighters are already operated daily over the Atlantic by Lufthansa, the German airline.

And, in a few more years even bigger planes may be available. Shippers have to keep up with the latest developments, or be left behind.

END

letters

Cheers for "The Executive's Guide"

• Congratulations on producing the excellent article, "The Executive's Guide to Washington" [August].

I have been coming to Washington for a number of years on business and a guide similar to this has been needed for some time. I just do not see how you could have done a better job! Many thanks.

W. BROOKS GEORGE
Board Chairman
House of Edgeworth
Richmond, Va.

• I have gone through the guide, and found many valuable points for agencies that we've dealt with—where we have spent many hours going in wrong doors and talking to people who weren't capable of answering our questions.

Keep up the good work.

W.R. WATTS
Manager, Economic Development
Florida Power Corp.
St. Petersburg, Fla.

In praise of Earl Butz

• I am a director of our state Chamber of Commerce and a member of the National Chamber who believes in the private enterprise system. Thus I resent your choice of the first two letters to the editor in your August issue, which condemn Secretary of Agriculture Earl Butz. These letters represent the typical thinking of uninformed nonagriculturalists who get their information from our press.

Dr. Butz has been a great teacher of free enterprise economics and a great dean of a great agricultural school, and is the best Secretary of Agriculture we have had in my time. In spite of political expediencies and production restrictions, which he inherited and which he opposes, he has a most thorough understanding of the American economic system.

He also understands it is high time that the price of food should be enough in the marketplace so that American agriculture can take its rightful place in the free enterprise system. Our farm people are entitled to earn more than they have in the past—50 per cent of the income enjoyed by the rest of our affluent population.

With food prices far cheaper and with food far more plentiful than in any other place in the world, it is

high time the American public started paying the full supply-and-demand market price for food.

ROBERT E. TRACY
President,
Tracy and Son Farms, Inc.
Jamestown, Wyo.

• I am writing in response to a letter you published from H.A. Nicholas Brieger, Montclair, N.J., who commented on Secretary Butz' "sick humor concerning Mr. Chavez and this country's farm workers."

I would suggest that Mr. Brieger and others like him, before getting involved, first get informed. Only then would they realize that Chavez is not representing farm workers, but is instead forcing people to join his organization by using illegal means. Mr. Butz hit the nail on the head.

ALBERT L. BERRA, D.D.S., M.S.
Pomona, Calif.

Reply to union president

• May I, as a small businessman, reply to the letter about the article, "How Your Tax Dollars Support

Strikes," from J.A. Beirne, president, Communications Workers of America?

His letter [July] is typical of the thinking of those in big unions and big government who enjoy all the benefits of capitalism, but have absolutely no understanding of what makes it work.

First of all, workers would not be denied public benefits due them if strikers could not get unemployment and welfare assistance. These benefits were designed for the unfortunates—that fast-disappearing, honest lot who, because of ill fortune, are unable to locate work of any kind that would make them a part of our productive society.

Mr. Beirne's comment that frustration is a powerful motivation is very true. I have several times over my 30 years in manufacturing faced frustration. But I was willing to lose my automobile, my home and other possessions and head away into greener pastures, developing a new business

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or taking employment with another company.

As for children going hungry, this in our society is something that cannot happen if the parents are willing to make even a token effort to secure employment.

After being the chief executive of a medium-sized corporation, I found nothing belittling in washing dishes or working at other menial tasks in order to earn an income to support my family.

Why should Mr. Beirne's Communications Workers of America feel any differently? If conditions of employment are not satisfactory, look for other endeavors.

JACK E. FERGUSON
President
Ferguson Manufacturing, Inc.
Richmond, Mo.

Exploring energy problems

- Your article on what is being done by manufacturers to cope with the energy crisis, "Easing the Pain of the Energy Pinch" [August], omits the obvious.

Aside from some mild charter restrictions, what's stopping most manufacturers from exploring for their own oil and gas? With costly requirements to clean up coal, long lead times needed for nuclear power, and insecure sources of foreign crude, a reasonable way to turn for the near future is to domestic petroleum exploration and production.

A large, highly qualified army of independent professionals—geologists, geophysicists and engineers—is available to the energy-short companies.

Small exploration companies and individual businessmen need only capital to drill well-thought-out prospects. Speaking from the explorer-producer's position, the energy shortage is largely a shortage of capital to find and develop energy.

PATRICK J.F. GRATTON
Independent Geologist
Dallas, Texas

- "Easing the Pain of the Energy Pinch" should be required reading for all politicians—certainly for those with a sincere interest in our country. The cause of the present predicament is bungling at all levels of government. It is closely tied to the ecology binge, with so many going overboard in their air-conditioned comfort.

As a layman not acquainted with strip mining, it would seem that removing what is needed, coal, refilling with what is not needed, waste, and covering the site with enough topsoil to sustain trees and vegetable growth should make the most wild-eyed of the ecologists happy.

Also, this country has been too long deprived of production, sale and transmission of our Alaska oil. Let's get on with the pipeline; caribou steaks may be a dividend in reducing the meat shortage. And a program to further refine coal and shale for everyday energy uses should be a number one goal.

LEWIS DOHERTY II
Doherty, Inc.
Baton Rouge, La.

Coyote chops ahead?

- We read with great interest in "Business: A Look Ahead" [August] your observation that "there must be a lot of singing on the range these days by sheep ranchers," due to the recent increase in the price of wool. Such a statement deserves comment.

Sheep ranchers in this state and throughout the West would unanimously agree that the only "singing on the range" going on these days is that of the coyote who has brought havoc and destruction upon the American sheep industry, particularly in the last two-year period.

Since the senseless and discriminatory banning in February, 1972, of the use of certain tools to control the predation loss to coyotes, a decline in the number of sheep has accelerated, due not only to an increase in sheep killing by marauding predators but also to people going out of business rather than experience continued loss.

Sheep producers are not insensitive to the challenge which is theirs of producing food and fiber for this great nation, but are wroth with the unaccounted for, and overreactionary, attitude of government agencies and eco-freaks in taking from the industry necessary tools.

We suppose that, when the sheepman and others vanish from the prairies of the West, there will be some real "singing" from the folks over the taste and cost of coyote chops, provided you can buy them at all.

DAVID E. SMITH
Secretary-Treasurer
Montana Wool Growers Association
Helena, Mont.

Not free for all

- Your editorial on free parking places for 125,000 federal employees, "Uncle's Parking Fringe" [July], really hit home with me. I agree with you 100 per cent.

But I must say the same situation exists locally as well.

Recently I went to the district attorney's office at our county seat. It was raining and parking was just about impossible. All marked areas were reserved for everyone from the judges and DA to the janitor.

I know that I had to walk about a half-mile in the rain to perform my duties.

Those parking areas belong to me just as much as to the people that have privileged reservations there. My tax dollars purchased the properties and my tax dollars paved the areas.

JOHN C. REBOLI
Stony Brook, N.Y.

- Your editorial is a classic example of a type of mental aberration which places government employees in a second-class category.

I fail to follow your reasoning or even less your logic in wishing to see federal employees denied "fringe benefits" which are enjoyed by the vast majority of nonmanagement private industry employees and almost all management employees.

JOHN CHURIO
Merrillville, Ind.

Our forest resources

- At the risk of sounding a little nit-picky, the reference in "Business: A Look Ahead" [August] to "dwindling forest resources" smarted some to me and my forest industry colleagues.

One third of America—754 million acres—is forested and these forests represent 70 per cent of those that were here when Columbus landed. "Forest Statistics for the United States," published by the U.S. Department of Agriculture in 1972, shows on page 61 that total fiber growth of all growing stock on commercial forest land in 1970 (the latest year for which compilations are available) amounted to 18.6 million cubic feet, while total removal was 14 million cubic feet.

PAUL F. EVANS
Supervisor, Public Information and Regional Programs
American Forest Institute
Washington, D.C.

College Students May Teach You Something

You say you're having a hard time making a go of your small enterprise and don't know why?

You can't get working capital or credit? You're working long hours and still losing money? Your old customers are disappearing and you can't seem to attract new ones? You can't beat your competitors in the contract bidding and winning game, no matter how hard you try?

An anticipated "hot item" is collecting layers of dust on your shelves

munities surrounding their colleges or universities.

There's a happy "Happy Pizzeria" in the Denver, Colo., area these days because of SBI student counseling. The restaurant, run by a former Midwest policeman and his wife, shows a 20 per cent increase in sales volume and a 10 per cent increase in profits since receiving SBI help.

"He won't listen to me," says the owner's wife, "but he'll listen to the students."

At a student team's suggestion, many menu items were eliminated, which permitted the owners to specialize and raise prices on other items. Now that the business is beginning to show a profit, the owner is considering leaving his part-time night watchman job to work at the pizzeria full-time. "We could never have afforded to pay for business counseling," he acknowledges, "but the students really paid off."

Another SBI-induced success is the phenomenal turn-around of a Dallas, Texas, manufacturing company. The company's SBA loan was in a serious state of delinquency when a University of Dallas counseling team was assigned to work with the firm. The students first examined the operation carefully. After consultation, they made one major recommendation and implemented it: They charted the production line flow. Wasted man-hours, lost by needless routing and rerouting of the production line, were saved. Productivity was increased, while costs decreased. Within three months, the company's financial status changed from loan-delinquent to profit-making—rapidly approaching \$10,000 a month!

In San Francisco, a new short-line clothing manufacturing firm owned by a husband and wife team had problems in production, organization, pricing, accounting and financing. The owners needed financial guidance for planning and to support a credit application. Two San Fran-

cisco State University graduate students who were assigned to the case assisted them in preparing a current financial statement, and a sales and cash flow forecast for an application for a bank line of credit. Both students attended the loan interview and participated in the discussion of the company's financial needs. Impressed, the bank agreed to a \$20,000 line of credit, which was guaranteed by SBA.

The SBI program began a year ago, when 35 business schools joined SBA in creating it. Since then, it has grown to include 150 participating colleges and universities and has demonstrated that:

- University students can provide a capable management assistance resource for small firms that ordinarily could not afford this type of help.
- Participating students find SBI involvement in the real business world both an enjoyable and rewarding learning experience.

Most small businessmen and women who have benefited from this program are delighted with it. Their biggest surprise has been the fact that SBI teams turned out to be mature, well-educated and dedicated people who are willing to spend more time and effort than their courses require in order to give maximum assistance to their assigned clients. Moreover, many of the students have expressed the desire to own or manage a small business after finishing their courses.

In the future, SBA officials envision the focus of the Small Business Institute gradually evolving from remedial to preventive counseling. Hopefully, as the number of participating schools increases, the number of troubled SBA clients will decrease.

Then, the agency will not only be able to provide SBI assistance earlier to SBA loan recipients, but also to other small firms before they receive SBA loans, and perhaps to small firms which neither have nor need SBA financial aid.

sba report

after months of turning off your customers? Your restaurant always ends up with surplus spaghetti sauce at the end of the day, because you never know how much people are going to order?

Is that what's bothering you, Mr. or Ms. Small Business Owner? Well, take heart! Maybe all you need is a little more determination, a willingness to change, and some guidance from the Small Business Administration's Small Business Institute to help make your profits soar, your customers legion and your extra spaghetti sauce a thing of the past!

The Small Business Institute, a cooperative effort between SBA and collegiate schools of business throughout the country, brings together senior and graduate business students, who elect SBI as one of their accredited courses, and troubled small businesses which have received SBA loans and contract procurement assistance. The student counselors provide management and marketing advice to SBA clients in the com-

Prepared by the Small Business Administration.



Good Gravy, Look at All That Meatless Meat!

How would you like your "soyburger"? Rare, medium or well-done?

Question: What do Henry Ford, millions of missing anchovies and some of the nation's leading food companies have in common?

Answer: They've all contributed to a burgeoning market for "meatless meat" made from soybeans.

Such nonmeat "meat" is neither a fly-by-night stunt nor a laboratory dream.

Worthington Foods division of Miles Laboratories now is test marketing frozen hamlike "breakfast slices" and sausagelike "breakfast links" in supermarkets in Florida, Arizona and Southern California. Neither contains a molecule of meat.

General Mills is preparing to sell its own ham and chicken "meat analogs" (the trade term for imitation meats made from textured vegetable protein) by year's end, much sooner than planned. In fact, the Kroger supermarkets have jumped the gun and already are stocking some of these products. General Mills' smoky-tasting, all-soy Bac-Os, which are difficult to distinguish from real bacon pieces, have long been on food store shelves.

Such large supermarket chains as Grand Union, Red Owl, Kroger, Wegmans and many others, spurred by the beef shortage, are selling "soyburgers"—beef hamburger extended with soybean protein that has the spongy chewiness of real meat.

They buy the protein from major processors like Archer-Daniels-Midland Co., Ralston Purina Co., A.E. Staley Manufacturing Co., and Miles Laboratories. It brings down the retail price of ground meat 10 to 20 cents a pound, without sacrificing any of the protein content.

Cost-conscious school cafeterias and hospitals, colleges and institutional lunchrooms are using meat extenders made from soybeans in their meals.

Precooked tacos, pizzas, spaghetti sauce, enchiladas and sloppy joes from grocery freezers are heavily laced with soybean meat substitutes.

Last year's sales of soybeans for direct human food in the U.S. totaled 75 million pounds, 10 times the figure of three years ago. The dollar total was \$40 million. This year's sales, accelerated by the meat shortage,

could be up to 60 per cent higher, if enough texturing machines can be manufactured.

By 1980, annual sales will reach \$1.5 billion to \$2 billion, the National Soybean Processors' Association figures.

It goes back to Kellogg

So what's new?

Meat substitutes from vegetable sources have been with us at least since 1879 when John Harvey Kellogg, patriarch of the Battle Creek Kelloggs, put together the first "Protos," a concoction of peanuts and wheat. That is still on the market, with many other such meat substitutes aimed at health food customers and vegetarians.

What's new is that processes have been developed to impart to soybean meal the texture of real meat. And that's where Henry Ford comes in.

There are, right now, two processes.

One spins the protein from the round soybeans into threads. With this fibrous texture as a base, meat-like foods can be made. Worthington Foods employs this system.

The other process involves extruding the soy protein, like toothpaste from a tube, under high pressure. That realigns the molecules, resulting in the meatlike texture. Archer-Daniels-Midland controls the patents on this process but many other companies use the process under its license.

The spun-soybean patent, which expired this year, is in the name of Robert Boyer, who is a consultant to Worthington Foods. The extrusion patent was issued to William T. Atkinson, now on A-D-M's research team.

Mr. Boyer and Mr. Atkinson—as well as Francis Calvert, who is now a researcher at Ralston Purina—worked in the Ford Motor Co. laboratory at Dearborn, Mich.

The laboratory was dedicated to finding new ways to use farm crops in industry and Mr. Boyer was its director. Those were Depression days and Henry Ford was anxious to open new markets for farmers, who had been good customers of his.

Eventually research focused on the soybean because of its extraordinary oil and protein content that had made it a food staple in the Orient for more than 3,000 years.

The laboratory developed enamel from the oils, and later developed plastics—horn buttons, gearshift and control knobs for the Model A and 1932 V-8, and eventually some steering wheels and one entire auto body—but these were not regarded then as wildly successful. Then research turned to making synthetic wool from soybeans.

Mr. Boyer noted that the only way the researchers could tell if the fibers had been properly washed was to bite them. Since they were largely protein, that led him to consider eating them.

He wondered why, if researchers were trying to imitate the protein on the outside of the sheep, they should not attempt the same for the protein inside. He recalls that Henry Ford had said "the cheapest things in the world ought to be food." But Mr. Boyer didn't follow up that idea until after World War II.

With the war, Ford Motor Co.'s interest in soy textile research waned and it sold the results of its research-

ing to Drackett Co. of Cincinnati, for which Mr. Boyer and other former Ford researchers worked at various times. In 1949, Mr. Boyer filed his patent for an edible textured soybean product and approached Worthington Foods with it.

Worthington had been founded 10 years earlier, chiefly to cater to the largely vegetarian Seventh Day Ad-

nutrition and fat-free and low-cholesterol diets.

- The federal government's approval in 1971 of textured vegetable protein in the nation's school lunch programs.
- Finally, eating soybeans makes for efficient use of the land.

Soybeans are one of the principal feeds for beef cattle. When they are fed to an animal, which is then itself



ventists—what is called the "motivated market" in the soy protein business.

With textured vegetable protein, as it's called, Worthington has been able to add a whole line of meatlike foods, both canned and frozen imitations of ham, bacon, chicken, turkey, fish fillets, sausage and many more.

And it has been able to raise its sights beyond the motivated market. Worthington Foods became a part of Miles Laboratories three years ago.

The time is ripe

At first blush it might seem that the advent of textured vegetable protein occurred at an auspicious moment in history for several reasons:

- The world-wide protein shortage.
- One of the leading sources of protein, anchovies, disappeared from the usual fishing grounds off Peru. In addition, the rising standards of living around the globe are making ever-increasing demands on the world's meat supply.
- The current shortage of meat in the United States and its rising cost.
- The growing general interest in

eaten, the yield is only about 43 pounds of edible protein per acre. But an acre of soybeans for direct human consumption yields about 600 pounds of protein.

Miles Laboratories President Walter Ames Compton makes this point frequently: "We think it makes no sense to take only the fruit of the plant, feed it to an animal—with huge inefficiency as far as the animal's use of it goes—and then harvest the animal and eat only certain parts of it."

Thus, that bromide, "an idea whose time has come," would seem to fit textured soybean products perfectly. But there are drawbacks.

First, the price of soybeans has skyrocketed on the world market. "Just when the thing started to explode, our raw materials costs tripled," laments an executive in the textured protein operation at A.E. Staley.

Second, huge Soviet purchases have all but wiped out the U.S. grain surpluses that kept a damper on the market. The result: Idle land that once might have been given over to

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continued

soybeans, in response to world need, is also in demand for producing wheat and corn.

Finally, the more soybeans are processed to resemble meat, and the more they are refined to raise the protein content, the more expensive the product becomes. And many experts don't think ordinary, non-nutrition-minded Americans will turn to meat analogs until they are markedly cheaper than meat.

For example, the frozen hamlike breakfast slices that Worthington Foods is marketing under the Morningstar Farms label remain relatively costly, \$1.78 a pound. However, Worthington stresses that the prices can be brought down with volume production.

The textured vegetable protein is essentially a co-product of the major soy product, soy oil, that is so important in margarine, mayonnaise, dessert toppings, ice cream, paints, salad oils and hundreds of other uses.

In their natural state, the beans resemble string beans. After the hulls are removed, the oil is extracted by crushing. The remaining oil-free flakes, about 50 per cent protein, are fine-ground, then extruded or spun.

The material can range from this half-protein to "isolate," which is 95 per cent protein, produced by removing nonprotein. But reaching the isolate stage also adds to the cost of the product.

Making meat go further

As a rule, the meat extenders, which are about 50 per cent protein, require less refining than the imitation meat and are considerably less expensive than meat.

The extenders arrive in the institution kitchen or supermarket butcher-shop in dried form, looking like Granola or roast malt—one type crunchy, light tan, dried flakes, the other darker brown and granular. They are relatively tasteless.

After soaking in water, they take on a chewy texture somewhere between that of chicken white meat—or roast pork—and steamed hard-shell clams.

Mixed with ground beef, these are difficult to distinguish from the meat and soak up its flavor. The textured soy and water together come to about

a fourth of the total. Thus, it adds one more hamburger to every three from beef.

After the soy is moisturized, it costs about 30 cents a pound. On the retail level this usually cuts the price 10 to 20 cents a pound.

Some sophisticated hamburger connoisseurs, a panel of teen-agers assembled by the *Washington Star-News*, distinguished pure beef from the extended hamburger every time during a recent test.

However, spokesmen for the manufacturers believe the flaw in this test is that the textured protein was not mixed with the meat before grinding, as supermarkets and institutional kitchens do. This, they say, makes the difference undetectable.

As for the imitation meats, the most successful are those with an overriding seasoned flavor, such as bacon bits or sausage. The breakfast slices that Worthington Foods is marketing certainly come across as meat and are sold frozen. The texture is close to bologna.

Dr. Aaron Altschul of Georgetown University Medical School, Washington, D.C., an internationally respected nutritionist, sees textured vegetable protein as a "very exciting development," valuable beyond simple cost-cutting or coping with the meat shortage. "I have compared it [in importance] with the invention of bread," he says. "It's almost analogous."

Americans, with their taste for meat, are increasingly afflicted with what he calls "affluent malnutrition," in that they take on more fat and cholesterol than they need. Both have been identified with heart attacks, strokes, obesity and other ills.

Once the flavors are achieved, textured vegetable protein from soybeans could be tailored to include whatever nutrition is necessary, with no sacrifice of "meat" eating. "It would be possible to divorce the consequences of meat from the satisfactions of meat," Dr. Altschul says.

He belittles esthetic protests against "manufactured foods."

Bread and pasta, he points out, are very much manufactured foods. Unless wheat were made into one or the other, it would be, as it stands in the field, pretty much inedible. END

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business: a look ahead

BY GROVER HEIMAN
Associate Editor

Budget Reform Is Alive and Well

The long overdue and badly needed reform of the Congressional budgetary process, while not yet a sure thing, stands an excellent chance of passage this year.

Legislation now pending would set up new procedures to allow Congress to get control of federal spending. At present Congress annually takes up 13 major appropriations bills as separate measures with no overall spending total considered, and no attempt made to balance spending against estimated federal revenues.

Sen. Charles H. Percy (R-Ill.), a cosponsor of the Senate bill (S 1541), has described the current situation like this: "The way Congress handles the taxpayers' money is like 100 men drawing checks on a bank account of unknown size and not telling each other what they are doing...."

The bill would create standing budget committees in both houses, and call for the President to submit by Nov. 15—two and a

half months earlier than the present deadline—his budget for the fiscal year starting the following July 1. Congress would enact a concurrent resolution establishing an overall spending ceiling by the next April 15.

Legislation calling for the same changes has been introduced in the House by Rep. Al Ullman (D-Oregon), who was cochairman of a bipartisan joint study committee that recommended the reforms.

Also included in the Senate measure is a requirement for pilot-testing major new programs to find out if they work and are worth the cost; a five-year projection of budget outlays; and the establishment of a Congressional Office of the Budget.

Essentially, the Senate measure follows the lines of a proposal offered by Tennessee's Republican Sen. William E. Brock [see "A Plan to Make Federal Budgeting Make Sense," *Nation's Business*, December, 1972].

High-Rise Pads for Farm Fish

As a result of rising land values the trend is to pack more things per acre, often by going vertical, and fish farming is no exception.

While the poundage of fish produced per acre by conventional fish pond farming is very attractive in this protein-short world, the Marine Protein Corp. of New York City says it can do far, far better. By using silo-

type tanks it expects to produce 3,000 times as many pounds of fish per acre.

This month in Mammoth Spring, Ark., the firm plans to go on-stream with the start of a 20-acre "silo system" fish farm that will have the potential of raising for market 20 million pounds of trout and coho salmon annually. The system uses 20,000-gallon tanks 17 feet in diameter and 13 feet high.

Fresher Facts About Commodities

The Commodity Exchange Authority, recent target of criticism on grain deals and option practices, plans to get out of the business of collecting and publishing daily trading information, shifting the task to the private commodity exchanges in New York, Chicago, Minneapolis, Kansas City and San Francisco.

The change in procedure would require the exchanges to assemble and report to CEA the daily volume of trading and open contract data in commodities where trading is under government regulation (they already issue such information on nonregu-

lated commodities). Presently, this data is being reported separately to CEA by each clearing member on the exchanges. The exchanges would also be required to publish the volume of trading and open contract information each day for the previous day's activities.

Ostensibly the new procedure will benefit the public, because CEA says the exchanges can publish information "more expeditiously."

CEA would continue to put out information on commodity trading over longer periods.

GSA—Another Sears, Roebuck?

Small businessmen, as well as larger companies, are certain to keep a close watch on progress of legislation to establish an Office of Procurement Policy.

The legislation is an outgrowth of recommendations resulting from several years of study of government buying procedures by the Commission on Government Procurement.

Congressman Chet Holifield (D-Calif.) introduced a bill—HR 9059—and hearings by the House Government Operations Legislative Subcommittee began in July.

Business interests generally favor the basic concept of a central office pulling together for the first time the federal government's nightmarish procurement operations.

But small businessmen are objecting vigorously to a provision in the bill that would give statutory authority to the General Services Administration for a "grantee program."

The "grantee program" would allow schools, colleges, hospitals, local police departments and all others who have federal grant dollars to buy many items from or through GSA, thus cutting off the local businessman.

Unless this provision is stricken from the bill, it's argued, the federal government would be put into the position of a giant mail order merchandiser—to the detriment of the small businessman, who has been the traditional supplier.

Boosting Federal Worker Bargaining

Taxpayers are going to have mixed views on a new program announced by the Federal Mediation and Conciliation Service. The Service is expanding mediation assistance to unionized government workers.

It plans to step up its mediation activity in all government areas, continuing to cooperate closely with mediation agencies at the state and local level, says Director W.J. Usery Jr.

The immediate target in the federal government employee area will be an investigation of certified bargaining units in which

initial contracts "have never been consummated," some dating back as far as a dozen years.

Although federal employees are prohibited from striking, such groups as the postal workers, air controllers and Government Printing Office employees have conducted work stoppages and slowdowns in the past.

Says Mr. Usery: "Our Service intends to become an active advocate of collective bargaining in federal employee units where unions have been appropriately recognized as certified bargaining agents."

Big Spenders From Abroad

While the American zest for overseas travel is still strong, and Americans are spending far more abroad than foreign travelers are spending here, Commerce Department statistics for the first six months of the year offer a glimmer of hope about our persistent national "travel deficit."

Last year some 23 million Americans journeyed—with their dollars—around the globe, while at the same time some 13 million foreign visitors came to this country.

The travel deficit was \$3.2 billion in 1972, as against \$2.7 billion in 1971. This year the annual increase in the deficit isn't expected to be as steep, with the total rising to \$3.4 billion or \$3.5 billion.

Slowing the rise is an increase in overseas visitors. Collectively, this group was 22.6 per cent larger in the first six months of this year than last year—an increase spurred in part by the fact that dollar devaluation makes foreigners' money go further here.

Posting the largest influx were the Japanese—290,000 arrived between Jan. 1 and July 1, an increase of 55.6 per cent over the comparable period in 1972. On average, each spends an estimated \$450 here.

The travel deficit has long been a fact of life in our economy. It was \$1.9 billion in 1968, \$2.1 billion in 1969 and \$2.5 billion in 1970.

Leaning Toward Railway Comfort

If you ride the train you may find yourself in the future in a passenger car that leans going around the curve.

That smoother-ride characteristic is one of the qualities Amtrak was looking for in July when it invited 13 firms to submit design proposals for a "totally new rail passenger car." The winner should be announced next month.

Amtrak has indicated that the design would be used in seeking bids for an initial order of at least 100 new cars, which would

be used on all Amtrak routes excepting those serving New York, Philadelphia, Baltimore and Washington, where tunnels put special restrictions on car heights.

Amtrak is looking for cars with a maximum length of 85 feet and capable of being configured in a variety of ways so they can be used on high density routes or as long distance coach, parlor, lounge, bedroom, roomette or diner cars.

Eventually they would replace passenger cars acquired from the railroads in 1971.

Try It, We'll Like It

A spending reform bill is finally making real progress in Congress (see page 94).

It may hit a strange snag, however. One Capitol aide confides that some Congressmen are beginning to realize it would block some of their pet programs. He adds:

"They're afraid it will work."

We hope they'll get the word that the taxpayers, who are also voters, want it to work.

EASTERN

529



Carpet of Antron® Still Looks New After 8 Million Welcomes

*Unique Soil-Hiding Nylon
Helps Tampa Airport
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TAMPA, FLA.—Called "The nation's most beautiful air terminal" when it opened in 1971, Tampa International Airport shows no sign of losing its title.

The main terminal is like a six-acre welcome mat. Carpet with pile of Antron® nylon covers high-traffic areas.

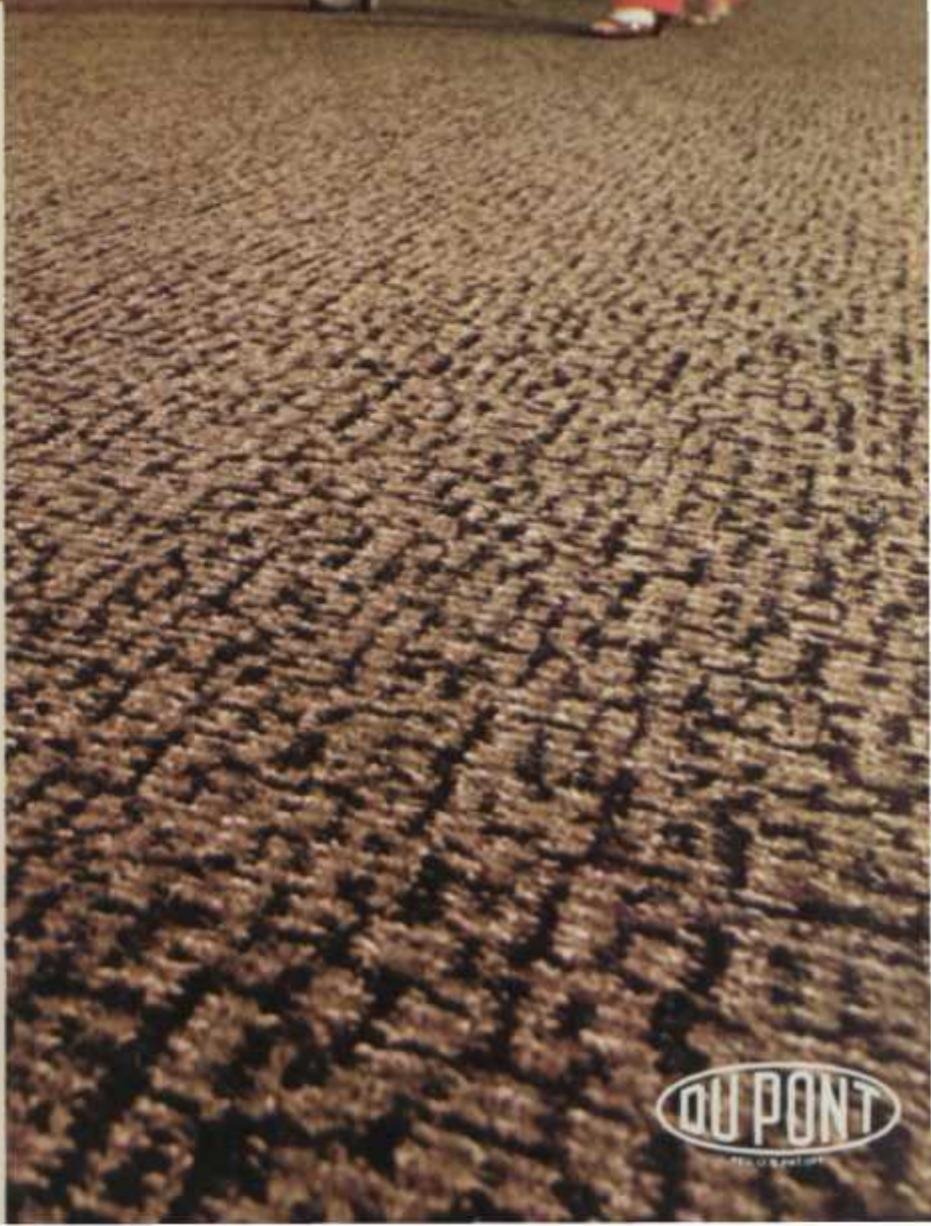
Yet, despite the trappings of 8 million visitors to date, the carpet looks as unworn and unsoiled as it did new.

"Antron" carpet fiber is special. It's made with hollow cores which scatter light in a way that conceals soil build-up. Even spots tend to blend into the overall color and texture of the carpet.

The airport planners cite economy as a further reason for specifying "Antron". So far there has been no need for wet shampooing, only daily vacuuming and occasional spot cleaning. Compared to hard-floor maintenance, savings are substantial, they report.

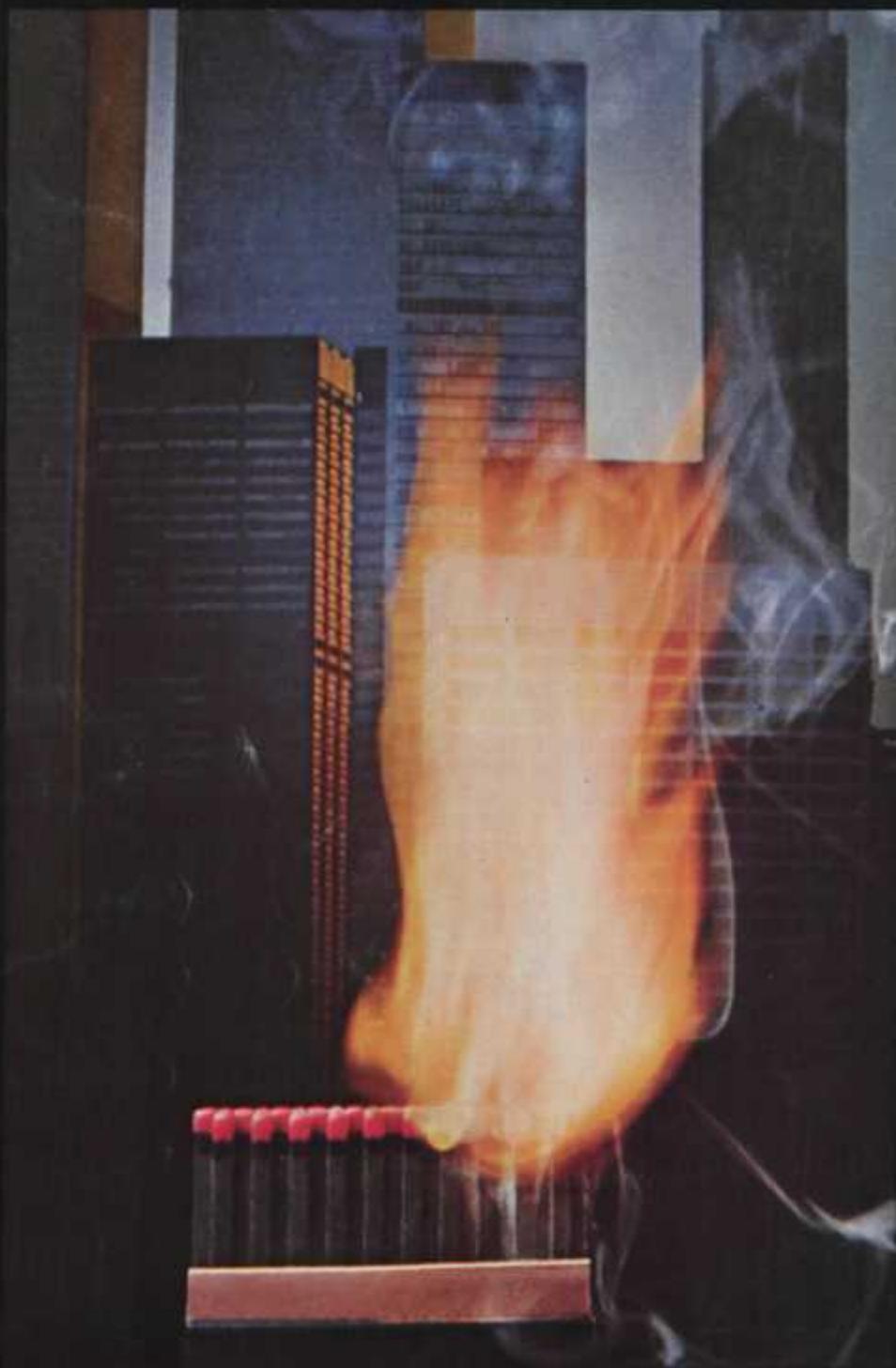
Carpet of "Antron" is used in other types of commercial buildings with similar results. Information is available from Du Pont, Rm. NB, Centre Rd. Bldg., Wilmington, DE 19898.

*DuPont registered trademark. DuPont makes fibers, not carpets.



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BMS also performs other duties electronically, such as monitoring elevator performance, adjusting air conditioning and heating to changes in the weather, and guarding against break-ins and theft. And, in doing all these things, it saves energy.

Electronics is creating ingenious new ways to enhance life. And RCA, which helped create the technology itself, is still pioneering the electronic way.

The electronic way

